

*VIRGINIA DEPARTMENT OF  
ALCOHOLIC BEVERAGE CONTROL*

ANNUAL REPORT 2015



SERVICE  
CONTROL  
REVENUE

Connecting with Our Customers

I am pleased to report that fiscal year 2015 marked yet another record-breaking year for Virginia ABC. Agency operations returned a record \$152 million in profits to the Commonwealth, an increase of 8.6 percent over the previous year's \$140 million in profits. In our 17th consecutive record-setting year Virginia ABC realized \$848.1 million in gross sales, \$47.6 million higher than last year. Virginia ABC's profits combined with state taxes, sales tax, and wine and beer taxes, resulted in an all-time high of \$409.3 million transferred to Virginia's general fund, up \$42.4 million from last year.

One of our most notable achievements was the launch of our redesigned website. Working with an award-winning national IT management consulting firm in a highly collaborative process we produced a new site that is enabling Virginia ABC to grow our business, engage with customers and turn information into powerful data assets. Customers may search for stores, determine the availability of products at any of our stores and order distilled spirits online for delivery to the store of their choice.

Also on the digital front, social media played an important role in communicating timely agency news to our many diverse stakeholders. We engaged more than 6,000 Twitter followers with over 1,000 tweets. Our Facebook page with agency photos and links to industry news attracted 3,300 likes.

We celebrated the opening of our 350th store in Tysons Corner as well as four additional new stores that brought our total number of retail outlets to 351. The Tysons Corner store is our first Signature Spirits store. Although intimate in size, the 1,000 square foot store carries 700 category-leading spirits in the 750 milliliter size with more than 45 special order items on its shelves.

We also continued to add to our line of premier stores in Williamsburg and Leesburg, opening one in Virginia Beach in December 2014. As with the agency's other premier retail outlets, the Virginia Beach design reflects the culture and unique characteristics of its location with a coastal theme complete with wave, boardwalk and buoy elements. Product displays in the shape of boats and lighthouses add to the nautical concept and offer customers a truly 21st century shopping experience. Additionally, with our stores around the Commonwealth open from 1–6 p.m. on Sundays, total Sunday sales increased by \$3.8 million, or 8.4 percent, over fiscal year 2014.

Over the course of the fiscal year we introduced Virginians to 142 new products. Our store shelves saw an influx of flavored bourbons and moonshines as well as fine scotches. Despite the new array of products the tastes of customers across the Commonwealth reflected few major shifts. Jack Daniel's 7 Black Tennessee whiskey, which saw \$26.9 million in sales, again topped the list of ABC's top-selling brands.

We continued working with our industry partners and were pleased when Governor McAuliffe signed into law a bill that removed restrictions on distilleries from opening distillery stores and selling their spirits on their licensed premises.

We expanded our education outreach with the launch of a middle school initiative known as BOLT (Being Outstanding Leaders Together). BOLT works with community coalitions to host regional events focused on providing prevention knowledge to stop underage drug and alcohol use.

All said, it was a very good year for Virginia ABC. We continued to provide excellent service to our retail and restaurant customers, expand our partnerships with vendors and brokers and open new and innovative stores. We embrace the future as the Commonwealth's source for distilled spirits.



ABC Board Chairman Jeffrey L. Painter

**Our agency**  
continues to be a  
**major source**  
**of revenue**  
for the commonwealth,  
contributing more than  
**\$8.6 billion** to  
the general fund since 1934  
to support state services,  
including substance abuse  
prevention and treatment.

## 2015 KEY AGENCY HIGHLIGHTS

Number of Stores	351
Total Employees	3,523
ABC Retail Licenses	18,445
Total Revenue	\$409,266,851
Active Items on Price List	2,644
Total Gross Sales	\$848,126,779
ABC Profits to the Commonwealth	\$152,000,000

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**VIRGINIA DEPARTMENT OF  
ALCOHOLIC BEVERAGE CONTROL**

## VIRGINIA ABC VISION

To enhance the quality of life for Virginia's citizens by balancing service, revenue and control in the distribution, sale and consumption of alcoholic beverages.

## VIRGINIA ABC MISSION

To control the distribution of alcoholic beverages; operate efficient, conveniently located retail outlets; enforce the laws of the commonwealth pertaining to alcoholic beverages and youth access to tobacco products; and provide excellent customer service, a reliable source of revenue and effective public safety.

**Cover photos (top to bottom):** Lead Sales Associate Dharmendra Sharma, Assistant Manager Yebalework Biru and Manager Bedada Gemedu await the grand opening of Store 109 in Rosslyn. Staff from the agency's Education and Prevention Section flank Secretary of Public Safety and Homeland Security Brian Moran at a College Tour event at The College of William & Mary. Senior Special Agent David Huff speaks with an employee at Richmond's Growlers to Go, one of the Commonwealth's 1,800 ABC-licensed businesses. Virginia ABC celebrates the September 10 opening of its 350th store (and first signature store) in Tyson's Corner. The intimate, 1,000-square-foot retail location carries just over 700 category-leading signature spirits in only the 750 milliliter size.

2901 Hermitage Road,  
Richmond, VA 23220  
(804) 213-4400







ABC Board and leadership (left to right):  
Special Policy Advisor for Law Enforcement  
Ryant L. Washington, Commissioner Henry L.  
Marsh, Chief Operating Officer Travis G. Hill,  
Deputy Secretary to the Board S. Christopher  
Curtis, Chairman Jeffrey L. Painter and  
Commissioner Judy G. Napier.

## ABC BOARD

Board Chairman..... Jeffrey L. Painter  
Commissioner..... Judy G. Napier  
Commissioner..... Henry L. Marsh III

## EXECUTIVE STAFF

Chief Operating Officer, Secretary to the Board ..... Travis G. Hill\*  
Special Policy Advisor for Law Enforcement ..... Ryant L. Washington  
Chief Financial Officer ..... Paul Van Lenten Jr.\*  
Deputy Secretary to the Board ..... S. Christopher Curtis  
Chief Communications and Research Officer ..... W. Eddie Wirt

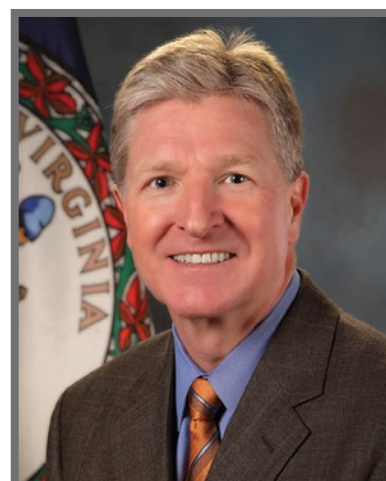
## DIVISION DIRECTORS

Bureau of Law Enforcement Operations..... Shawn P. Walker  
Communications ..... Rebecca V. Gettings  
Financial Management Services..... Barry M. Wenzig  
Hearings, Appeals and Judicial Services..... John Patrick Griffin  
Human Resources ..... Crystal W. Stephenson  
Information Technology Services ..... Stephen L. Fox  
Internal Audit ..... John W. Wszelaki  
Logistics..... Ronald L. Dew  
Marketing ..... John L. Shiffer  
Procurement and Support Services..... Debra C. Corley  
Property Management..... Susan W. Johnson  
Retail Operations ..... C. Wilson Jones

\* All Board members, executive staff and division directors served throughout the fiscal year with the exception of the following: Chief Operating Officer Travis G. Hill was appointed September 19, 2014 and began work the following month. Chief Financial Officer Paul Van Lenten Jr. was hired December 10, 2014.



Governor Terry McAuliffe



Secretary of Public Safety and Homeland  
Security Brian J. Moran

## LEGISLATIVE SYNOPSIS

NEW ALCOHOL-RELATED LAWS—Effective July 1, 2015

Two pieces of business-friendly legislation proposed by the Virginia Department of Alcoholic Beverage Control (ABC) became effective July 1. House bills (HB) 1796 and (HB) 2119, which seek to grow the Virginia spirits industry and improve ABC customer service, were both passed by the General Assembly earlier this year and signed into law by Governor Terry McAuliffe.

### DISTILLERY STORES (HB 1796 & HB 1269)

This new law allows any distillery to open a store in Virginia. The legislation removes conditions and other restrictions that previously impeded a distillery from opening a store and selling its spirits on the licensed premises. Virginia ABC anticipates this change in the law will help grow the Commonwealth's spirits industry and encourage sales and tourism.

### ABC CUSTOMER SERVICE (HB 2119)

A second Virginia ABC-sponsored bill allows the agency to better meet stakeholder expectations and improve customer service. Provisions in the new law include promoting the use of electronic communication with the agency's various stakeholders. It also offers flexibility and other incentives to licensees, including the option of a multi-year license.

**Other passed legislation that impacts Virginia ABC and its stakeholders includes:**

### INFUSION (HB 1439)

This law allows the ABC Board to adopt regulations for the infusion of spirits in a container up to a maximum of 20 liters. It also allows for the creation of a new license for a mixed-beverage restaurant and caterer, advertisement of happy hour products and more. ABC has set up a regulatory process to implement changes in connection with this bill.

### PRICING (HB 1440 & SB 899)

This new law allows products sold in Virginia ABC stores to have a price that ends in a nine (9). Prior to this change, prices could only end in a "zero" or "five".

### FARM WINE ABV (HB 1634)

This law raises the alcohol by volume limit for farm wine from 18 to 21 percent, which makes it consistent with wine products produced in other states.

### BED & BREAKFAST (HB 1645)

This law allows the consumption of lawfully acquired alcoholic beverages by persons to whom overnight lodging is being provided in bedrooms or private guest rooms or other designated areas of the bed and breakfast establishment. This means guests are allowed to "BYOB" on the B&B premises.

(continued)



Law SB 1269

**makes it lawful for distilleries to offer tastings of beer, wine and spirits**

on their licensed premises  
if the products are produced there.



**Guests are now allowed to BYOB on B&B premises,**

per law HB 1645.



## TASTINGS (SB 1269)

This new law makes it lawful for distilleries to offer tastings of beer, wine and spirits on their licensed premises if the products are produced there.

## PALCOHOL (HB 1908 & SB 1034)

This law expands the definition of alcoholic beverages to include powdered or crystal-line alcohol commonly referred to as “palcohol” and bans the possession and sale of this product in Virginia. The bill contained an emergency provision and became law on April 15, 2015.

## HIGHER ED WINERY (SB 1165)

This law allows for the more than 80 accredited institutions of higher learning in Virginia to establish and operate a non-commercial farm winery for strictly educational purposes.

## DISTILLERY LICENSES (SB 1272)

This law creates a new license for distilleries that annually manufacture between 5,000 and 36,000 gallons of spirits in Virginia.

## MIXED BEVERAGE LICENSE EXTENSIONS (SB 1287)

This law creates an additional mixed beverage license for certain facilities in Abingdon, Emory, St. Paul, Coeburn and multiple locations between Route 11 and Interstate 81 throughout the Shenandoah Valley without requiring a local referendum. It also allows for tastings to be held at an art studio instructional session.

## ABC AUTHORITY (HB 1776 & SB 1032)

This new law provides that Virginia ABC will become an authority with all subsequent requirements and stipulations in 2018. The law provides for the appointment of the Board of Directors of the Authority by the Governor, to be confirmed by the General Assembly, and the appointment by the Governor of a chief executive officer of the Authority, also to be confirmed by the General Assembly. It sets the eligibility requirements for appointment of both the Board members and the chief executive officer, including background checks. The Board will no longer be a full-time entity. The law provides for the salary of Board members and the chief executive officer and specifies that Board members and the chief executive officer may only be removed for cause by the Governor. Among other things, the new Authority (i) provides for the transfer of current ABC employees to the Authority, (ii) continues such employees’ participation in the state health plan and VRS, and (iii) sets out the powers and duties of the Authority and the chief executive officer. Additionally, the Authority will be exempt from the provisions and oversight of many of the centralized functions of state government such as procurement and personnel.



Per law SB 1165,  
**80 ACCREDITED**  
**Virginia institutions**  
 of higher learning are allowed  
 to establish and operate a  
**non-commercial**  
**farm winery**  
 for strictly educational purposes.



Law SB 1272 creates a new license  
 for Virginia distilleries that  
 annually manufacture between

**5,000 and 36,000**  
**GALLONS of spirits.**



## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### BUREAU OF LAW ENFORCEMENT

The Bureau of Law Enforcement is charged with enforcing the alcoholic beverage control laws and regulations governing the manufacture, distribution, sale and consumption of alcoholic beverages and tobacco in the Commonwealth. The Bureau's philosophy of achieving voluntary compliance is achieved by utilizing innovative educational and community partnerships. The division is made up of the following personnel:

#### Sworn Enforcement Personnel Demographics

White / Caucasian	107 (87%)
Black / African American	11 (9%)
Hispanic	1 (1%)
Asian / Pacific Islander	2 (1.5%)
American Indian / Alaskan native	2 (1.5%)
Total filled sworn positions	123
Non-minority (%)	87
Minority (%)	13

Our sworn agents are supported by 30 civilian staff located in headquarters and at 10 offices across the state. In addition, staff from the Bureau's licensing, compliance and administrative units served as liaisons to breweries, distilleries and wineries; audited Virginia state alcohol excise tax remissions; processed invoices and renewals; conducted alcohol-related training about state ABC laws; and processed license applications for businesses as well as individuals seeking licenses related to alcohol sale and consumption at private special events.

Training was completed for staff to include: cultural diversity, constitutional law, internal affairs, civil rights for the police officer, integrity centered leadership, leadership for women and training related to Executive Order 40; Use of Force/Law and Legal Application/Upholding Constitutional Rights of Citizens and demonstration of Use of Force training. A total of 1,193.5 hours of training were attended by ABC agents.

Internal controls are important to the Bureau of Law Enforcement. During the year, the Regional SAC's conducted Staff Line Inspections to ensure accountability with purchases by employees. More than 100 audits of cash procedures for Asset Forfeiture Funds, FDA Funds, Change Account Funds and evidence were completed throughout the state. This was a continuation of the Bureau's standing process in addition to preparing for future accreditation.

The Bureau revised and implemented a comprehensive evidence storage procedure that includes dedicated evidence technicians, comprehensive tracking and accounting in a

modern records management system and the placement of secured temporary evidence storage locations in 10 ABC stores across the state to provide secure "best practice" evidence storage for field agents.

#### Professional Standards Summary

<b>Internal Affairs Investigations conducted (1)</b>	<b>8</b>
Citizen Complaints	5
Agency initiated	3
<b>Findings</b>	
Unfounded	3
Justified	2
Founded	1
No further action, citizen request	1
Substantiated	1

(1) Includes one use of force investigation.

Approximately 70 percent of agent activity was spent on regulatory compliance conducting background investigations, license suitability investigations and inspections of licensed establishments. Thirty percent of agent activity was focused on underage access to alcohol and tobacco, citizen complaints of violations, over service of patrons by establishments and other investigations directly related to industry business practices.

#### Law Enforcement Activity

Criminal investigations	4,881
Arrests	1,101
Illegal still investigations	66
Inspections of licensed establishments	5,000
Observations of licensed establishments	3,651
Underage Buyer (UAB) compliance checks	3,568
Written warning reports	1,235
Written violation reports	533
Wine, beer and mixed-beverage application and state license fees collected	\$13,260,256.87

#### Tobacco Compliance

Synar compliance rate, May 1–September 30, 2014 (%) (1)	90.93
Total tobacco checks by ABC agents (2)	692
FDA retail compliance check inspections (3)	1,620

- (1) FY 14: 90.35 percent. Virginia ABC special agents conducted random, unannounced Synar inspections on behalf of the Virginia Department of Behavioral Health and Development Services (DBHDS).
- (2) FY 14: 1,221 checks. This includes attempted visits found not suitable for an underage buyer check.
- (3) FY 14: 2,200. The Bureau of Law Enforcement's 30 FDA-commissioned tobacco inspectors conducted tobacco retail inspections on behalf of the Food and Drug Administration (FDA), Center for Tobacco Products (CTP).



## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### COMMUNICATIONS

The Communications Division is responsible for internal and external communications, photography and graphic design.

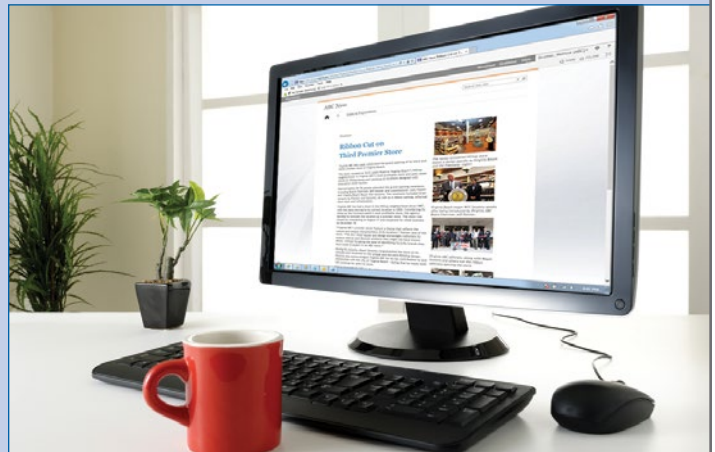
Utilizing tools such as news releases, e-newsletters, social media, website content, internal platform postings and more, the division is committed to providing accurate and timely communications to the media, public and employees.

As primary spokespersons for the agency, Communications wrote and distributed 92 news releases, responded to 1,139 media inquiries and drafted talking points for numerous interviews. The division also provided talking points for 14 board appearances, planned and executed seven store grand opening events and wrote/edited and designed collateral pieces including posters, brochures, booklets and direct mail pieces.

The division supported the agency's internal platform by developing and posting more than 260 articles and managed the agency's social media by posting regularly on Facebook and Twitter.

“The division wrote and distributed  
**92 news releases**, responded to  
**1,139 media inquiries...**”

In addition to producing the Licensee newsletter, the division awarded an RFP to produce *Spirited Virginia*, a 54-page color magazine. The division also contributed to the agency's website redesign efforts by providing text and photography. In May, Communications was recognized by the Richmond Chapter of the Public Relations Society of America for its media campaign tied to the Bureau of Law Enforcement's Operation: Prevent Impaired Driving.



Seventeen employees representing a cross section of the agency graduated as the third cohort of the agency's Leadership And Management Program (LAMP) in August 2014. The year-long training served as an investment in the professional development of Virginia ABC's emerging leaders. Founded on the principles that informed leaders make better decisions, engaged leaders strengthen organizations and inspired leaders serve their community, LAMP engaged participants in strategic planning, organizational culture, process improvement, project management and community service. LAMPers volunteered their time, on top of their daily agency responsibilities, to lead and complete projects that had a direct impact to the agency.

The LAMP cohort from left to right: (back row) Raphael Loney, Shelley Dodson, Paul Bradbury, Maria Jeter, Steve Atkins, Lacey Feindt, Ernest Barnes, Linda Herstrom, John Beck, Gabrielle Cardinal, Jennifer Xie and (front row) Jennifer Nixon, Rhonda Amos, Melissa Hagan, Carol Mawyer, Jill Humphries and Liz Chatham.

VIRGINIA ABC  
AT A GLANCE



## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### EDUCATION & PREVENTION SECTION

The mission of the Education and Prevention Section is to eliminate underage and high-risk drinking by building the capacity for communities to educate individuals and prevent alcohol misuse. The section works to accomplish this by providing alcohol education and prevention information, trainings, conferences, grants and resources.

EPS believes that communities can be formed in a variety of settings and that community leaders can regularly and more effectively impact their community. Therefore, the section

offers prevention education, strategic planning knowledge, leadership skill building, resources, subject matter experts and partnerships. Virginia ABC also believes that a multi-faceted approach to alcohol education and prevention is more effective and should include individuals, families, licensees, and communities. The agency offers education and prevention across the lifespan and is proud to provide programming for elementary schools, middle schools, high schools, college students and professionals, parents, those 21 and older, older adults and licensees.

#### Publications and Media

"Do Not Sell" sticker packets distributed to licensees	17,962
Education and Prevention publications distributed	60,564
AAAG PSA campaign reach (1)	896,047

#### Conferences and Trainings

Miss Virginia School Tour stops	25
Miss Virginia School Tour student participants	12,735
BOLT stops (2)	2
BOLT participants	154
YADAPP 2014 adult and student participants (3)	495
College Tour stops (4)	5
College Tour participants	224
VaCALC professionals trained	81

#### Licensee Training

Responsible Sellers & Servers: Virginia's Program (RSVP) classes	113
RSVP participants (statewide)	1,767
Managers' Alcohol Responsibility Training (MART) classes	23
MART participants (statewide)	385

Please see an explanation of all Education and Prevention programs on page 10.

- (1) AAAG "Is This the Memory" PSA aired on WWBT, WTVR and WVEC from December 15, 2014 – January 7, 2015.
- (2) BOLT stops were hosted by partners: Prevention Council of Roanoke Valley and City of Virginia Beach Mayor's Youth Leaders in Action.
- (3) YADAPP annual summer conference held at Longwood University, July 14-18, 2014. Eighty five youth teams represented schools and communities across Virginia.
- (4) College Tour stops included: James Madison University, University of Richmond, Virginia Tech, College of William and Mary, and George Mason University.

Students heard inspiring words from Olympic hopeful Charles Clark (left) at Hampton Roads regional BOLT.

#### Grants

YADAPP 2014 grants presented (1)	21
YADAPP 2014 grants disbursements	\$5,500
Alcohol Education and Prevention grants (2)	11
Alcohol Education and Prevention grants disbursements	\$81,192.10

- (1) These include both YADAPP mini-grants (\$250 each) and Wheeler Award (\$500). 2014 Wheeler Award recipient was Great Bridge High School in Chesapeake.
- (2) Alcohol Education and Prevention grantees: City of Waynesboro Office On Youth, Futuro Latino at James Madison University, Hey! Coalition at Piedmont Community Services, Longwood University, Middlesex County Public Schools, Planning District One Behavioral Health Services, Prevention Council of Roanoke County, Shenandoah University, Substance Abuse Free Environment, Virginia Commonwealth University Police Department, Warren County Community Health Coalition.



## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### EDUCATION & PREVENTION SECTION (continued)

The following is a list of the Education and Prevention Section programs offered. Publications, online training, and public service announcements are available to the general public at no cost. For more information visit [www.ABC.Virginia.gov/Education](http://www.ABC.Virginia.gov/Education) or [www.facebook.com/VirginiaABCEducationandPrevention](https://www.facebook.com/VirginiaABCEducationandPrevention), call (804) 977-7440 or email [Education@abc.virginia.gov](mailto:Education@abc.virginia.gov)

#### MISS VIRGINIA SCHOOL TOUR

Miss Virginia travels across Virginia to elementary schools spreading a message of health, wellness, and prevention with students and teachers.

#### BEING OUTSTANDING LEADERS TOGETHER AGAINST DRUGS AND ALCOHOL

Provides drug and alcohol prevention knowledge to middle school students and their parents through regional community collaboration and high school peer leadership.

#### YOUTH ALCOHOL AND DRUG ABUSE PREVENTION PROJECT

A high school youth-led leadership conference equipping teens with a strategic plan and empowering them to keep their schools and communities alcohol and drug free.

#### COLLEGE TOUR

A series of regional stops that focus on promoting zero tolerance for underage drinking, social responsibility, collaboration, and leadership on college and university campuses in Virginia.

#### VIRGINIA COLLEGE ALCOHOL LEADERSHIP COUNCIL

A statewide professional affiliate group that addresses alcohol, tobacco and other drug issues on college and university campuses.

#### PROJECT STICKER SHOCK

Supplies are provided to community groups in an effort to decrease social providing. The project includes stickers being placed on alcohol packaging reminding buyers to not provide to minors and is done in conjunction with a press event to help raise awareness.

#### RESPONSIBLE SELLERS AND SERVERS: VIRGINIA'S PROGRAM / MANAGERS' ALCOHOL RESPONSIBILITY TRAINING

Trainings are held regionally and conducted by ABC Special Agents to help licensees become more responsible and to better understand Virginia laws, rules, and regulations.

#### ALCOHOL AND AGING AWARENESS GROUP

A statewide affiliate group that provides education, training, and resources to prevent the misuse of alcohol and medications as adults age.

#### VIRGINIA OFFICE FOR SUBSTANCE ABUSE PREVENTION

An organization that promotes collaboration among state and local agencies, organizations, coalitions, and faith communities that address substance abuse prevention.

#### GRANT PROGRAM

Alcohol Education and Prevention Grants assist community partners to develop and enhance initiatives related to alcohol education and prevention. Grant cycle is July–June with applications due in the Spring.

## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### FINANCIAL MANAGEMENT SERVICES

The Financial Management Services Division is comprised of Accounting, Accounts Payable, Sales Audit, Financial Analysis/Budgeting, Payroll, and Tax Management. Key functions include financial statements, financial forecasting/budgeting, internal controls, financial reviews, compliance, and wholesaler tax collections. Specifically, Accounting provides timely and accurate financial reporting in accordance with generally accepted accounting principles, as well as maintains compliance with Agency Risk Management Internal Controls Standards (ARMICS), and provides support to distilleries; Accounts

Payable accurately pays the bills while adhering to the CAPP Manual and ABC policies and procedures; Sales Audit balances all receipts of revenue collected at retail stores, regional offices, and by the cashier; Financial Analysis provides sound counsel to the agency regarding the budget, the overall financial health of the organization, and the overall strategy regarding financial matters; Payroll processes proper payment of all ABC employees in compliance with all policies and regulations; and Tax Management collects wine and beer taxes.

PAYROLL PRODUCED

**25,043**

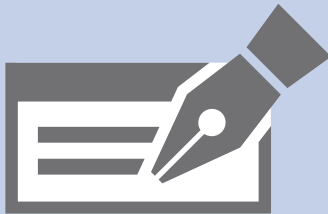
SALARIED AND

**53,886**

WAGE PAYCHECKS.

PROCESSED GROSS PAY TOTALLED OVER

**\$76,512,000**



TAX MANAGEMENT  
PROCESSED

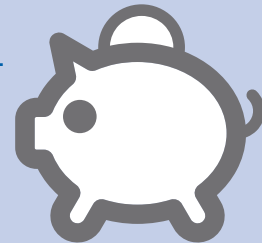
**13,947**

WINE AND MALT

BEVERAGE LABELS IN FY 2015 COLLECTED

**\$82,534,982.88**

IN EXCISE TAXES FOR THE COMMONWEALTH



VIRGINIA ABC  
AT A GLANCE

On September 10 the agency celebrated the opening of its 350th store. Located in Tysons Corner, the store is unique in that it is the first to feature the agency's Signature Spirits collection. The intimate 1,000-square-foot store carries only category-leading spirits including more than 45 special order items that are not available on shelves at all ABC stores. More than 700 products in only the 750 milliliter size fill the store shelves to match the needs of discerning customers and upscale licensees in this Northern Virginia market. Special guests at the opening included Secretary of Public Safety and Homeland Security Brian Moran and Fairfax legislators Senator Janet Howell, Delegate Mark Keam and Delegate Marcus Simon.



## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### HEARINGS, APPEALS AND JUDICIAL SERVICES

The Hearings, Appeals and Judicial Services Division strives to provide fair, unbiased hearings and other dispute resolution options to ABC stakeholders, including licensees and citizens of the Commonwealth. ABC generally conducts three types of hearings: application hearings concerning the issuance of ABC licenses; disciplinary hearings to determine if a licensee has violated an ABC law or regulation; and franchise hearings to resolve disputes about the terms of distribution agreements between wine or beer manufacturers and their wholesalers.

Three alternate dispute resolution procedures are offered, two

in disciplinary cases: at the outset, specified licensees may accept a consent settlement; and later in the hearing process, any licensee can submit an offer in compromise. Finally, mediation services are available in franchise cases. All procedures are conducted fairly and impartially to ensure the hearing officer makes a reasoned decision based on all relevant and material evidence. Administrative hearing officers conduct initial hearings in ABC regional offices throughout the Commonwealth. Appeal hearings and franchise cases are held at the Richmond Central Office.

#### Cases Referred for Hearings

Case Activity	Count
Violation/disciplinary reports	633
Contested applications	42
• Approved	30
• Denied	5
• Withdrawn before hearing	7
Contested banquet applications	9
• Approved	0
• Denied	2
• Withdrawn before hearing	7
Wine and beer franchise cases	6
<b>Total hearings requested</b>	<b>690</b>

#### Hearings Dispositions

Case Activity	Count	Percentage of Total Cases Received (%)
Settled by consent settlement offer	298	39.79
Heard by ABC Hearing Officer (1)	280	37.38
Settled by offer in compromise	80	10.68
Heard by ABC Board on appeal	66	8.81
Withdrawn or dismissed prior to hearing (2)	25	3.34
<b>Total hearings dispositions (3)</b>	<b>749</b>	<b>100</b>

(1) 280 hearings were held on 662 charges/objections filed. Single cases with multiple charges are heard in one hearing. 66 of these were appealed to the Board for a second hearing.

(2) Cases may be withdrawn or dismissed prior to a hearing, but after docketing for a variety of reasons, e.g., license surrendered; application withdrawn; settlement through mediation.

(3) 115 cases were in process at the end of FY 14 and completed during FY 15.



**690**  
HEARINGS  
REQUESTED

#### Average Case Turnaround Time (in Days)

Activity	FY 10	FY 11	FY 12	FY 13	FY 14	FY 14*	FY 15	FY 15*
Violations	158	118.6	62.45	58.73	83	108.9	89	115
Applications	131	93.8	95.9	109.66	40.73	123	137	146

Unless otherwise noted, turnaround times do not include continuances.

\* This column shows turnaround times with continuances included. It provides additional information that was not included in previous annual reports. Parties are granted continuance requests for good cause shown. This shows how parties' requests for continuances increase turnaround time.

#### Case Decisions Appealed

Activity	Count	Percentage of Total (%)
Initial decision of hearing officer to ABC Board (1)	66	9.57
Final decision of ABC Board to circuit court (2)	4	6.06

(1) Percentage of all cases referred

(2) Percentage of all cases appealed to the Board

#### Civil Penalties Collected

Activity	
Civil penalties collected (dollars)	928,509.23
Average civil penalty per case (dollars)	2645.32
Average suspension period per case (days) (1)	17.02

(1) Most ABC cases result in the imposition of a civil penalty and/or suspension period. This average reflects the results of all civil penalties or suspension periods from all case decisions, consent settlement offers, and offers-in-compromise for FY 2015. The Board may allow licensees to choose between a civil penalty or suspension period. Some penalties, however, contain civil penalties and mandatory suspension periods.



**\$928,509.23**  
CIVIL PENALTIES COLLECTED

**\$2,645.32**  
AVERAGE CIVIL PENALTY  
COLLECTED PER CASE



## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### HUMAN RESOURCES

The Human Resources Division is responsible for managing ABC's most important asset — its employees. The division strives to contribute to the agency's strategic and operating success through creating, encouraging and maintaining an environment that supports, develops and sustains the well-being of ABC employees. The division operates with integrity while concentrating on being highly engaged with all customers in providing quality services in the areas of recruitment/

selection, safety, employee relations, compensation, benefits, compliance with federal and state laws, policy development, human resource information systems and training and development. During fiscal year 2015 Human Resources processed 15,983 applications, facilitated interviews for 3,000 applicants, conducted 1,400 criminal record checks and extended employment offers to approximately 1,254 candidates.

#### Employees and Hiring

Total employees (as of June 30, 2015)	3,523
Total classified employees	1,042
Total part-time employees	2,481
Classified employees hired in FY 15	106
Part-time employees hired in FY 15	717

ABC employs a diverse workforce, with approximately 1,042 classified (full-time) employees, 2,481 wage (part-time) employees, while 23 contractual workers supplement ABC's workforce. These 3,546 agency employees work throughout the commonwealth operating 351 retail stores and nine regional offices. Approximately 404 ABC employees and 23 contractual workers (427 total) are physically located in Richmond at the central office and warehouse facility.

#### Employee Demographics

Average age (years) (1)	46.0
Average years of service, classified employees (2)	10.7
Gender: male (%) (3)	58.2
Gender: female (%) (3)	41.8
Minority (%) (4)	30.1

The demographics of ABC's workforce are generally consistent with the overall state workforce. The average age of an ABC classified employee is 46 years, with an average length of service of 10.7 years. ABC has a high number of retirement-eligible classified employees: 146 employees (14 percent of FTE positions) are eligible to retire currently, an additional 65 employees (6.3 percent FTE positions) within the next five years, and an additional 63 employees (6.1 percent FTE positions) eligible within 10 years. A total of 274 ABC classified employees or 26.6 percent of ABC's classified workforce will be eligible to retire within the next 10 years (2025).

- (1) Average age (all state employees): 46.7 years
- (2) Average years of service (all state employees): 12 years
- (3) Gender (all state employees): male, 46.2 percent; female, 53.8 percent
- (4) Minority (all state employees): 34.5 percent



3,523<sup>+</sup>

58% 42%

The number of people Virginia ABC employs statewide on a part-time or full-time basis (as of June 30, 2015).

#### Tuition and Training Assistance

Description of Training	Course Types	Units (1)
Tuition Assistance Program (TAP)	38	38
Instructor-Led (Agency)	13	330
Instructor-led (LAMP)	14	203
New hire orientation	13	111
<b>Agency/state mandates (online)</b>		
Retail/warehouse employees	35	11,674
Non-retail/warehouse employees	57	10,524
Enforcement-BLE	4	283
Emergency management	6	920
HPM supervisor (online)	36	665
Safety	14	6,555

(1) Units completed. These represent the units (modules) of training deployed to ABC employees by the Training Department. One employee may account for more than one unit of participation.



15,983  
APPLICATIONS

3,000  
INTERVIEWS FACILITATED



1,400  
CRIMINAL RECORD CHECKS

1,254  
EMPLOYMENT OFFERS EXTENDED



## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### INFORMATION TECHNOLOGY

The Information Technology (IT) Services Division supports the agency mission through the delivery of IT technical services. The division is organized into four distinct service areas. The Business Application Management team is responsible for IT project management, business systems analysis, enterprise architecture, application development, software testing and data services, which includes business intelligence services. This team as a whole primarily manages projects and is responsible for overall service delivery to the other divisions within the agency. The IT Operations team consists of the client services team which supports Point of Sale (POS) systems and store

operations and the production support team, which provides first and second level application support to the divisions within the agency. The IT Business Management team is responsible for reviewing the agency's monthly VITA bill, managing agency software licensing contracts and IT assets and working with the Procurement division in purchasing IT hardware and software for the agency. The Infrastructure Project team submits all work requests and works with the IT partnership to manage internal agency infrastructure projects.

### INTERNAL AUDIT

The Internal Audit Division is responsible for developing a comprehensive risk assessment of agency operations and ensuring an adequate system of internal control is established to mitigate and limit identified risk. Based on the risks identified, the division developed and executed an annual audit plan. In addition, it performed financial, operational, IT, security, compliance, and retail reviews. The division conducted all administrative investigations, all state hotline complaints (unless an agency appointed official is involved) and all testing related to ARMICS. Internal Audit also reviewed agency systems for

VITA SEC security requirements and served as a liaison to the agency's external auditor, the Auditor of Public Accounts (APA).

During the past fiscal year Internal Audit assumed oversight responsibility for the agency's information security function which develops and implements IT security policies, standards, guidelines and procedures. The division also monitors IT to ensure that it is in compliance with VITA IT security policy, standards and guidelines, relevant Virginia laws and statutes, and IT best practice and governance requirements.



VIRGINIA ABC  
AT A GLANCE

The 2015 Fiscal Year was bookended with visits from two special guests. Governor Terry McAuliffe stopped and greeted employees in Virginia ABC's Central Office on July 7, 2014 and Secretary of Public Safety and Homeland Security Brian Moran visited on June 24, 2015. The Secretary was accompanied by Deputy Secretary Victoria Cochran. Following a demonstration of store technology updates and a warehouse tour, the public safety officials met with employees in the hearings room where they thanked them for their service to the Commonwealth and answered questions. (Left) Betty Christian, an employee with Rock Solid Janitorial, is delighted to meet the Governor. Christian has been on site at Virginia ABC since 2008 and is a familiar face in the agency's Central Office. (Right) Secretary Moran listens as Senior Warehouse Manager Brian Spearman explains the detailed and rigorous process of getting more than 4 million cases of distilled spirits to 351 ABC stores across the state each year.



## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### LICENSE RECORDS MANAGEMENT

The Bureau of Law Enforcement manages License Records Management (LRM) which consists of 20 employees in two sections—License and Records. These sections interact with all aspects of the life of an ABC license from application submission through possible approval, suspension, revocation and surrender.

In fiscal year 2015, the Records section served more than 13,000 walk-in customers and handled more than 23,000 telephone calls. Transactions totaling more than \$5.8 million were cashiered including new banquet and retail applications, license renewals and beer/wine tax payments. The section

processed 17,663 renewal bills, 3,136 underage buyer investigation forms and 5,394 mixed beverage annual review packets. The Records section also responded to 159 Freedom of Information Act requests. The License section processed 2,010 new retail applications during the fiscal year. For each application, the section initiated first contact with the applicant within 24 hours of receiving the application from the Records section. The License section assisted all applicants with the collection of required documents based on the application type and forwarded 1,809 completed applications to the appropriate regional office for investigation by an ABC special agent.

#### Licenses and Licensing

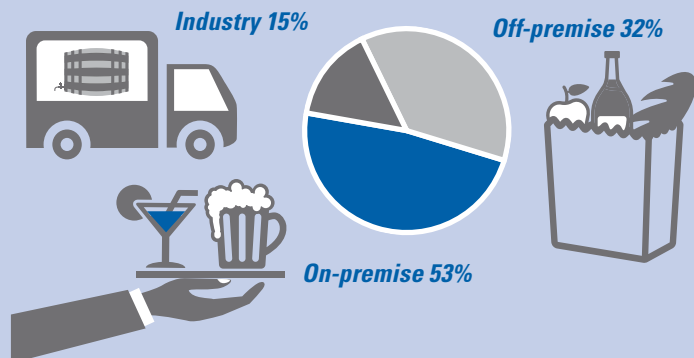
ABC retail licenses (1)	18,445
New retail, wholesale and special-permit licenses	2101
Licensed retail establishments	17,196
Private or corporate owners	13,294
Alcohol compliance rates for retail licensees (%) (2)	87.33
Average processing time for new retail applications (in days) (3)	74
One-day banquet and special-event licenses	22,716

(1) Inclusive of licenses for sale and consumption of beer and wine, mixed beverages, on- or off-premises.

(2) FY 14 rate: 85.09 percent

(3) FY 14: 73 days. ABC targets a 60-day average.

#### Licenses Granted in 2015 by Type



### LOGISTICS

The Logistics Division, which includes warehouse operations, inventory control and transportation, special orders, store stocking and business/system support, is responsible for the effective and efficient distribution of alcoholic products to all ABC stores. During this fiscal year, the division's 115 employees shipped 4,553,415 cases to 351 stores across the state and filled special orders that produced \$5,510,083 of revenue, a 26.9 percent increase over fiscal year 2014.

**4,553,415**  
CASES SHIPPED

**\$5,510,083**

REVENUE FROM SPECIAL ORDERS FULFILLED



Order fillers John Lanier (left) and Antonio Moody are part of the warehouse team that fulfills shipments to the 351 Virginia ABC stores.

## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### MARKETING

The Marketing Division is responsible for consumer engagement and product management. Consumer engagement includes branding, communications and promotional programs that grow sales while promoting responsible consumption. Product management includes product selection, product delisting, category management, in-store merchandising, and monitoring product performance. Marketing programs the Featured Products and Promotions and the Virginia Products sections of the Virginia ABC website. The Featured Products and Promotions section showcases seasonal cocktail recipes, product information, in-store promotions, and new products. The Virginia Products page showcases the many fine spirits made in the Commonwealth. Marketing launched the Spirited Virginia e-newsletter, and, in partnership with ABC Communications, launched the Spirited Virginia Facebook page. Both efforts speak directly to and engage with the legal drinking age public about new products, cocktail recipes, in-store promotions and special events, in-store tastings, food pairings, and entertaining tips.


(Right) The agency hosted Tim Smith, creator of Climax Moonshine, at three special events in April. The celebrity posed for photos with customers and signed nearly 600 purchased bottles of his popular moonshine at stores in Culpeper, Richmond and Williamsburg.

Marketing rolled out new in-store merchandising standards to provide greater focus to products that are displayed off-shelf. The new efforts are designed to provide retail customers with a more inviting, uncluttered in-store shopping environment while providing them with more product usage information. These efforts have resulted in sales growth for featured products of up to 14 percent. Marketing reviewed more than 434 new items and selected 142 to be added to ABC store shelves.



**434**  
NEW PRODUCTS  
REVIEWED

NEW PRODUCTS ADDED **142**

**14%**   
SALES UP FOR FEATURED PRODUCTS

### POLICY, PLANNING AND ANALYSIS

The Policy, Planning and Analysis section (PPA) provides program and decision support services to internal and external customers of the agency. PPA manages and coordinates the analysis, development and maintenance of agency policies; leads the agency in developing, updating, and reviewing its strategic plan; spearheads internal and external customer satisfaction research; and conducts process improvement

efforts. PPA also supports the accomplishment of the agency's mission and objectives by tracking legislation and developing fiscal impact statements; producing reports on sales, product and store performance; coordinating Freedom of Information requests and employee suggestions; and collecting and reporting agency performance measures as required by the Department of Planning and Budget.

## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### PROPERTY MANAGEMENT SERVICES

The Property Management Services (PMS) Division is responsible for management of the Central Office, Warehouse, and Retail Stores. The Division consists of three major concentrations: Initial Site Selection, Negotiation, Leasing and Lease Administration; Facility Management and Maintenance of the Central Office, Retail Stores/Regional Offices; and Construction/Fixture Installation for New Stores, Relocations, and Modernizations. This is accomplished with a staff of 28 individuals, who have approximately 275 combined years of ABC service and experience. PMS is responsible for 19 owned properties, as well as 333 leased retail outlets, and 11 Enforcement Regional Offices. The Director of PMS chairs the Real Estate Committee and works in concert with Virginia's



Commercial Retail Brokerage Community and Landlords, Retail Operations, Logistics, Policy, Planning and Analysis, and Finance to discuss new store and lease activity in an effort to make sound recommendations to the Board. PMS has been instrumental in the "premier" store concept, which provides a different look and feel to our standard stores and is currently working on a design that may be incorporated into all stores. From January 1, 2015 to date, PMS has completed installation of six new stores, performed six store modernizations, eight store relocations, and five flooring replacements.



The Property Management Services fixture crew is comprised of seven employees. Led by project manager John Beck, the team outfits every new ABC store with shelving and counters and installs wiring for computers and cash wraps. The team also handles every remodel, renovation and store relocation. At left is Store 328 in Virginia Beach under renovation. At right is Store 109 in Alexandria prior to its May opening.

### PROCUREMENT

The Procurement and Support Services Division's focus is to support Virginia ABC's mission and business strategy by judiciously developing and managing the agency's spending in technology and non-technology goods and services (excluding distilled spirits and real property.) While maintaining compliance with government regulations, the division assists internal customers in accomplishing their goals while improving response time when and where applicable. This requires a continuous improvement focus through the development and performance management of the agency's supply base, early involvement in technology development, coordination of supplier selection decisions and the application of global supply chain management best practice processes. In fiscal year 2015, Virginia ABC developed and/or renewed existing contracts exceeding \$13,000,000 in value. As the agency's administrator of the state's small purchase charge card program, the division

monitored the activities of 129 cardholders with expenditures totaling \$3,158,363, representing approximately 13,300 transactions. In support of the Governor's Executive Order 20: Advancing Equity for Small, Women and Minority Owned Businesses, the division's supplier diversity coordinator attends outreach events contributing to agency's effort to locate and provide contracting opportunities for small businesses. The division also provides key support services such as high volume copy, mail services and the agency's supply and equipment warehouse. The supply and equipment warehouse, which houses and accounts for supplies frequently used by Virginia ABC retail stores and agency offices, processed 12,864 supply orders equating to 216,518 items picked in fiscal year 2015. The mail center processed more than 160,000 pieces of inbound and outbound mail during the fiscal year.



## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### RETAIL

Retail Operations is responsible for the safe and efficient operation of 350+ retail outlets. These retail stores conducted more than 27 million transactions for their retail and licensee customers and were open seven days a week, 361 days a year. The division is made up of approximately 630 classified positions and 2,300 part time employees. Retail Operations is responsible for the interviewing, selection and training of each of these employees. Revenue, Service and Control are at the forefront of every facet of the division. Revenue required for operating the agency is provided by the retail stores. They provided exceptional customer service through a well trained and knowledgeable staff with 89 percent of all customer comments

received on store operations being positive. The Retail Operation's regional managers, on average, responded to any negative customer comments or complaints in less than one full day. The store employees controlled the sale or possession of alcohol by restricting sales to only those who are at least 21 years of age, not intoxicated and not interdicted. These employees conducted more than 4.5 million ID challenges to verify the age of customers and performed at nearly a 98 percent compliance rate when tested in Underage Buyer operations. Virginia ABC remains committed to meeting the Governor's challenge to achieve \$1 billion in sales with increasing profit margins by June 2018.

#### ABC Stores

Alcohol compliance rate for ABC stores (%) (1)	97.95
Average delivery cost to ABC stores (dollars per case)	\$ .86
Total shipments to ABC stores (cases)	4,553,415
Total shipments to ABC stores (weight, in lbs)	141,977,550

(1) FY 14 rate: 99 percent



Store Associate Wendy Allen-Harman restocks the shelves in the new Virginia ABC Harrisonburg store that opened on February 12.

#### ABC Products

##### Price list

Active items on price list	2,644
Virginia wines on price list	62
Vermouths on price list	11
Items de-listed from price list (1)	303

##### Special orders

Active items on special order catalog	229
Active items on special order noncatalog	1,148
Total special order purchases (cases) (2)	24,296
Total special order revenue (dollars) (2)	\$5,510,083
• Catalog purchases (cases)	5,797
• Catalog revenue (dollars)	\$1,926,631
• Noncatalog purchases (cases) (3)	18,499
• Noncatalog revenue (dollars)	\$3,583.45

(1) De-listed items remain on the price list until all inventory has been depleted.

(2) These totals include both catalog and noncatalog special orders.

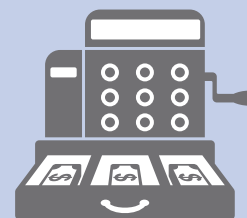
(3) Noncatalog special orders are for those items not included in the special order catalog.



**4.5 MILLION**  
I.D. CHALLENGES PERFORMED

TOTAL SALES FOR  
FY 2015 EXCEEDED

**\$845 MILLION**



# DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

## RETAIL, continued

### Top 50 Brands Sold in Fiscal Year 2015

Rank		BRAND	PRODUCT CATEGORY	Gross Dollars		CHANGE (%)	Actual
FY 15	FY 14			FY 15 (\$)	FY 14 (\$)		CHANGE (\$)
		Statewide		\$846,463,506.58	\$799,466,391	5.9	46,997,116
		Top 50		413,674,735	392,710,707	5.3	20,964,028
		All others		432,788,772	406,755,684	6.4	26,033,088
1	1	Jack Daniel's 7 Black	Tennessee whiskey	26,925,694	25,658,300	4.9	1,267,394
2	2	Smirnoff 80	domestic vodka	18,966,572	19,066,109	(0.5)	(99,537)
3	5	Fireball Cinnamon	cordials	18,759,979	16,124,716	16.3	2,635,263
4	7	Hennessy VS	cognac\armagnac	18,758,631	15,139,972	23.9	3,618,655
5	3	Jim Beam	straight bourbon	18,657,478	17,802,469	4.8	855,010
6	4	Grey Goose	imported vodka	16,436,322	17,104,944	(3.9)	(668,622)
7	6	Crown Royal	Canadian whisky	16,413,057	15,900,902	3.2	512,154
8	8	Absolut	imported vodka	13,941,214	14,838,477	(6.0)	(897,263)
9	9	Aristocrat	domestic vodka	12,759,367	12,974,264	(1.7)	(214,897)
10	13	Maker's Mark	straight bourbon	12,471,415	11,570,538	7.8	900,877
11	11	Patron Silver	tequila	12,379,752	11,911,743	3.9	468,010
12	10	Bacardi Superior	rum	12,011,492	12,194,703	(1.5)	(183,211)
13	21	Tito's Handmade	domestic vodka	11,165,185	6,647,407	68.0	4,517,778
14	12	Captain Morgan's Spiced	rum	11,160,983	11,610,420	(3.9)	(449,437)
15	17	Jameson Irish	Irish whiskey	9,679,727	8,391,923	15.3	1,287,805
16	16	Pinnacle	imported vodka	9,617,464	9,384,939	2.5	232,525
17	14	Jose Cuervo Especial Gold	tequila	9,522,999	9,477,546	0.5	45,453
18	15	Jagermeister	cordials	8,740,713	9,409,119	(7.1)	(668,406)
19	19	Ketel One	imported vodka	6,836,659	6,826,003	0.2	10,657
20	—	Evan Williams Black	straight bourbon	6,514,217	5,891,125	10.6	623,092
21	22	Skyv	domestic vodka	6,504,181	6,429,614	1.2	74,567
22	18	Seagram's Extra Dry	domestic gin	6,494,840	7,184,418	(9.6)	(689,577)
23	20	Bowman's Virginia	domestic vodka	6,464,972	6,707,100	(3.6)	(242,129)
24	23	Burnett's	domestic vodka	6,364,816	6,426,821	(1.0)	(62,005)
25	24	Tanqueray	imported gin	6,323,912	6,348,116	(0.4)	(24,204)
26	31	New Amsterdam	domestic vodka	5,405,335	4,748,539	13.8	656,796
27	27	Bailey's Original Irish Cream	cordials	5,252,656	5,110,833	2.8	141,823
28	28	Johnnie Walker Black	Scotch	5,243,509	5,052,012	3.8	191,497
29	25	Canadian Mist	Canadian whisky	5,208,710	5,300,361	(1.7)	(91,651)
30	26	Grand Marnier Cordon Rouge	cordials	5,167,631	5,223,776	(1.1)	(56,145)
31	33	Paul Masson Grande Amber VS	brandy	4,927,255	4,532,230	8.7	395,025
32	29	Dewar's White Label	Scotch	4,818,644	4,935,664	(2.4)	(117,020)
33	37	Malibu Coconut	rum	4,815,664	4,354,581	10.6	461,083
34	36	Wild Turkey 101	straight bourbon	4,752,686	4,414,040	7.7	338,646
35	32	Bombay Sapphire	imported gin	4,747,880	4,567,348	4.0	180,532
36	30	Svedka	imported vodka	4,659,110	4,756,744	(2.1)	(97,633)
37	43	Woodford Reserve	straight bourbon	4,644,940	3,599,415	29.0	1,045,525
38	38	Evan Williams Green	straight bourbon	4,615,294	4,282,200	7.8	333,094
39	—	Crown Royal Regal Apple	Canadian whisky	4,190,402	0		4,190,402
40	35	E & J VS	brandy	4,175,923	4,451,607	(6.2)	(275,684)
41	39	Early Times	domestic whiskey	4,142,840	4,248,115	(2.5)	(105,275)
42	40	Stolichnaya	imported vodka	4,092,637	4,179,726	(2.1)	(87,089)
43	42	Bacardi Gold	rum	3,939,811	3,869,794	1.8	70,017
44	34	Ciroc Peach	flavored vodka	3,833,736	4,527,903	(15.3)	(694,167)
45	48	1800 Silver	tequila	3,708,916	3,219,928	15.2	488,988
46	47	Belvedere	imported vodka	3,611,091	3,234,577	11.6	376,514
47	44	Kahlua Coffee	cordials	3,567,187	3,551,302	0.4	15,885
48	45	Nikolai	domestic vodka	3,528,754	3,368,093	4.8	160,661
49	46	Courvoisier VS	cognac\armagnac	3,528,329	3,268,305	8.0	260,023
50	—	Gentleman Jack	Tennessee whiskey	3,224,152	2,891,929	11.5	332,223

This table is based on FY 2015 dollars and previous years' sales for these items to both restaurants and in-store customers. A dash (—) indicates items not included in the "Top 50 Brands" last year.

## DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

### RETAIL, continued



#### Store Activities: July 1, 2014–June 30, 2015

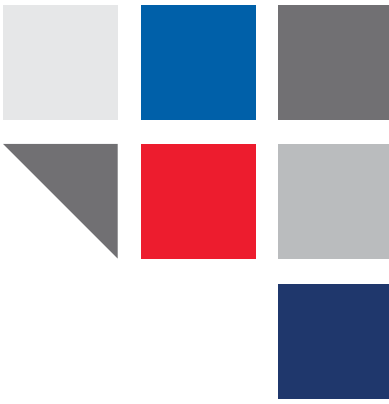
Store	Location	Activity	Closed	Opened	Total
286	Gainesville	expansion	7-4-14	9-17-14	349
362	Sterling	modernization	7-6-14	7-20-14	349
163	Orange	modernization	7-26-14	8-8-14	349
388	Tysons Corner	new store	N/A	8-15-14	350
363	Chesterfield	modernization	8-9-14	8-23-14	350
297	Alexandria	closed	9-1-14	N/A	349
256	Virginia Beach	modernization	8-31-14	11-19-14	349
136	Leesburg	mini remodel	9-13-14	9-20-14	349
391	Carrollton	new store	N/A	10-22-14	350
323	Purcellville	relocation	10-23-14	10-30-14	350
233	Gloucester	relocation	11-29-14	12-11-14	350
330	Chesterfield	modernization	10-13-14	11-22-14	350
314	Richmond	modernization	1-4-15	1-17-15	350
124	Covington	relocation	1-10-15	1-15-15	350
288	Portsmouth	flooring	1-19-15	1-23-15	350
059	South Boston	flooring	1-19-15	1-24-15	350
097	Chesterfield	flooring	1-31-15	2-7-15	350
383	Harrisonburg	new store	N/A	2-12-15	351
299	Smithfield	modernization	2-8-15	2-24-15	351
272	Newport News	modernization	2-6-15	3-9-15	351
095	Manassas	flooring	3-14-15	3-21-15	351
211	Suffolk	relocation	4-24-15	4-30-15	351
081	Fairfax	closed	5-10-15	N/A	350
109	Rosslyn	relocation	N/A	5-15-15	351
055	Manassas	relocation	5-9-15	5-15-15	351
219	Vienna	relocation	5-16-15	5-18-15	351
151	Hopewell	modernization	5-2-15	5-20-15	351
349	Chesapeake	flooring	5-25-15	5-31-15	351
373	Danville	relocation	6-6-15	6-12-15	351
390	Montpelier	new store	N/A	6-18-15	352
328	Chesapeake	modernization	6-12-15	6-28-15	352
302	Staunton	closed	6-30-15	N/A	351

Flanked by Commissioner Judy Napier and Virginia ABC employees, Chairman Jeff Painter cuts the ribbon for the official opening of Store 390. The grand opening of the Montpelier store in Hanover County marked the agency's 351st store.

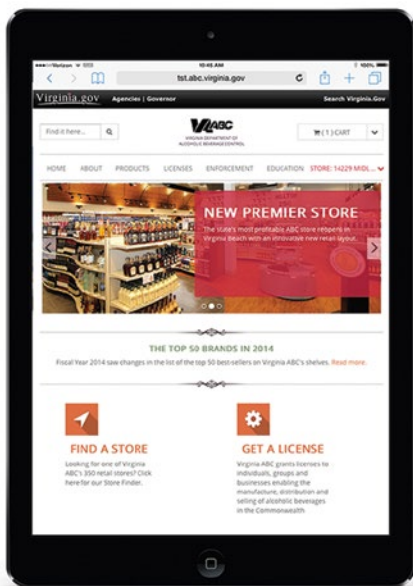


The remodel of Store 256 in Virginia Beach resulted in the agency's third premier store. The store features a coastal theme complete with waves, boardwalks and buoys. Product displays in the shape of boats and lighthouses add to the nautical concept. Located in the Hilltop North Shopping Center, this store is the agency's most profitable.





“ MORE THAN 1,500  
HOURS OF TESTING  
went into making sure the project  
was a success. ”



(Above): Designed with forward-thinking ideas, this mobile-friendly website is visually appealing, easy to navigate and streamlines communications between the agency and its many audiences.

(Top right): Virginia ABC Media Manager Will Moore leads one of the agency's daily stand-up meetings to discuss the progress of website redesign. The project involved Virginia ABC staff from all divisions working diligently to meet the accelerated six-month launch schedule. The redesigned website is not only important in realizing the agency's opportunity to grow business through e-commerce, it is vital in fulfilling Virginia ABC's goal of providing better customer service.

## Serving up a Fresh Site

### *Agency Unveils Redesigned Website with Consumer Focus*

Virginia ABC unveiled a fresh and exciting new digital look in March with the launch of its redesigned website. The agency partnered with CapTech, an award-winning national IT management consulting firm, known for bridging the gap between business and technology, for the \$700,000 project.

The redesign process was highly collaborative, designed to help Virginia ABC grow its business, engage with customers and turn information into powerful data assets. CapTech invested a revolving-door total of about 13 individuals, three whom were onsite through the entire redesign. There was a dedicated project team of three ABC employees with nearly 75 contributing to the effort.

Using feedback from the agency's diverse set of customers, Virginia ABC's in-house redesign team and CapTech built a content management system, integrated dozens of applications, developed an online ordering capability and added a customer service section — all in six months. In addition, the team revamped the visual design and information architecture, created a searchable product catalog with photographs and descriptions for items Virginia ABC carries, dramatically improved findability using facets, filters, icons and navigation, and developed a system to capture and utilize emails for marketing purposes.

The website also boasts a number of features designed to enhance the online experience, including the ability to quickly locate a Virginia ABC store, the real-time availability of products in any store, the ability to search the product catalog by brand, size and pricing and the opportunity to order premium and select spirits online for delivery to any store.

This redesign streamlined the information that customers, licensees and employees previously found on the website and made that information easier to find. This took roughly 700 pages of information on the previous website and condensed it to half that number without losing important content. In addition to the six months of work by Virginia ABC employees and their private sector partners, more than 1,500 hours of testing went into making sure the project was a success.

The website redesign is the first completed project in the Governor's plan to reinvest in Virginia ABC as a key agency that provides service to Virginia consumers, produces revenue for the Commonwealth and plays an important role in public safety.



(From left) Chief Financial Officer Paul Van Lenten, Jr., ABC Board Chairman Jeffrey L. Painter and Chief Operating Officer Travis G. Hill are shown in the Central Office warehouse.

## A Message from the Chairman, Chief Operating Officer and Chief Financial Officer

We are pleased to present the fiscal year 2015 annual report for the Virginia Department of Alcoholic Beverage Control (ABC). These facts and figures represent a seventeenth consecutive record-breaking year for retail sales by our agency. In fiscal year 2015, we opened five new stores and modernized 12. Virginia ABC operations returned a record \$152 million in profits to the Commonwealth of Virginia. The agency has contributed more than \$1.9 billion dollars to the Commonwealth in the last five years.

We stand behind these figures with pride in the accomplishments made possible by the hard working and dedicated employees of ABC. To the best of our knowledge, these figures accurately represent the operations of our agency during the fiscal year. The financial statements of the agency are audited annually by the Auditor of Public Accounts as required by the code of Virginia.

## Financial Results in Brief, Fiscal Year 2015

REVENUE SOURCE	FY 15	FY 14	FY 13	FY 12	FY 11
ABC profit transfers (1)	\$152,037,837	\$139,987,344	\$134,576,751	\$132,021,784	\$121,013,600
State taxes (2)	139,832,186	132,043,584	126,802,220	120,988,748	114,201,593
General sales tax (3)	39,199,161	36,879,111	31,263,867	29,617,739	27,889,207
Wine liter tax (4)	35,249,206	34,608,741	34,400,161	33,457,628	32,171,151
Malt beverage tax (5)	42,948,462	43,341,595	42,846,308	43,660,370	43,915,010
<b>Total</b>	<b>\$409,266,851</b>	<b>\$386,860,375</b>	<b>\$369,889,307</b>	<b>\$359,746,269</b>	<b>\$339,190,561</b>

Effective July 1, 2013, the Retail Sales and Use Tax rate for most purchases increased to 5.3 percent statewide due to House Bill 2313. In addition to the statewide increase, there is a 0.7 percent increase in the localities that make up the Northern Virginia and Hampton Roads regions, bringing the Retail Sales and Use Tax rate to 6.0 percent in those areas.

- (1) Source: "Statement of Revenues, Expenses and Changes in Net Position." Profits are reported in accordance with generally accepted accounting principles. Profits include licensing fees and ABC's portion of the wine liter tax.  
 (2) Source: "Notes to Financial Statements 4.B. General Fund." State tax on distilled spirits = 20 percent. State tax on wine sold in ABC stores = 4 percent.  
 (3) Source: "Notes to Financial Statements 4.C. Department of Taxation--Sales Tax."

- General sales tax rate is 6.0 percent in the localities that make up the Northern Virginia and Hampton Roads regions, and 5.3 percent statewide.  
 (4) Source: "Notes to Financial Statements 4.B. General Fund." The non-ABC portion of the wine liter tax = \$40 per liter. \$9,141,363 of the wine liter tax is transferred to the Virginia Department of Behavioral Health and Developmental Services.  
 (5) Source: "Notes to Financial Statements 8. Collections of Malt Beverage Tax."

## Sales of All Beverages, Fiscal Year 2015

PRODUCT	GALLONS*	LITERS	TOTAL GALLONS (%)	GROSS DOLLARS	GROSS SALES (%)
<b>STATE STORE SALES</b>					
Distilled Spirits	10,694,406	40,482,712	97.0	\$ 837,450,103	97.0
Virginia Wine	28,820	109,096	0.3	1,702,708	0.3
Vermouth	38,670	146,382	0.4	1,456,064	0.4
Alcohol	155	585	0.0	12,823	0.0
Non-Alcoholic Mixers	265,720	1,005,858	2.4	4,407,157	2.4
<b>Total</b>	<b>11,027,771</b>	<b>41,744,633</b>	<b>100.0</b>	<b>\$ 845,028,855</b>	<b>100.0</b>
<b>DIRECT SALES FROM WHOLESALERS</b>					
Wines (\$0.40 Liter) (1)	25,349,061	81,328,305	14.2	38,382,635	14.2
Beer (\$7.95 Barrell)	153,750,865	582,010,062	85.8	42,945,670	85.8
<b>Total</b>	<b>332,850,791</b>	<b>677,966,651</b>	<b>100.0</b>	<b>\$ 81,328,305</b>	<b>100.0</b>

\*excludes non-beverage items, confiscated items, distillery store sales

(1) Gross Liter Tax for Wines after 12 percent allocated to ABC Revenue

## Comparison of Products Sold / Market Share, Fiscal Year 2015 vs. Fiscal Year 2014



PRODUCTS	CASES SOLD		MARKET SHARE (%)		CHANGE
	FY 15	FY 14	FY 15	FY 14	(%)
Vodka	1,423,240	1,398,474	31.4	32.0	1.8
Domestic	761,099	738,803			3.0
Imported	340,831	342,794			(0.6)
Flavored	321,310	316,877			1.4
Rum	425,817	423,243	9.4	9.7	0.6
Domestic	283,279	285,481			(0.8)
Imported	142,537	137,762			3.5
Cordials -Liqueurs-Specialties	530,603	503,018	11.7	11.5	5.5
Imported	303,305	285,565			6.2
Domestic	227,298	217,454			4.5
Straight Bourbon Whiskey	483,441	457,349	10.7	10.5	5.7
Gin	234,712	237,532	5.2	5.4	(1.2)
Domestic	157,721	163,085			(3.3)
Imported	64,857	62,515			3.7
Flavored	11,616	11,351			2.3
Sloe	518	582			(11.0)
Tequila	242,280	227,319	5.3	5.2	6.6
Canadian Whisky	173,099	165,700	3.8	3.8	4.5
Brandy	151,833	136,390	3.3	3.1	11.3
Grape	116,579	118,435			(1.6)
Imported	7,218	7,269			(0.7)
Flavored	28,036	10,686			162.4
Scotch Whiskey	146,400	142,730	3.2	3.3	2.6
Tennessee Whiskey	106,959	101,608	2.4	2.3	5.3
Blended Whiskey	100,208	98,016	2.2	2.2	2.2
Cognac\Armagnac	102,713	91,924	2.3	2.1	11.7
Cocktails	55,972	60,139	1.2	1.4	(6.9)
Domestic	49,808	53,071			(6.1)
Imported	6,165	7,068			(12.8)
Specialty Bottles	62,705	54,575	1.4	1.2	14.9
Imported	32,645	29,004			12.6
Domestic	30,060	25,571			17.6
Domestic Whiskey	41,368	41,383	0.9	0.9	(0.0)
Irish Whiskey	39,789	34,966	0.9	0.8	13.8
Egg Nog	13,349	14,334	0.3	0.3	(6.9)
Corn Whiskey	724	1,099	0.0	0.0	(34.1)
Moonshine	31,778	30,922 (1)	0.7	0.7	2.8
Straight Rye Whiskey	13,534	9,366	0.3	0.2	44.5
Rock & Rye	1,271	1,288	0.0	0.0	(1.3)
Bottled in Bond Whiskey	1,574	1,165	0.0	0.0	35.1
Alcohol	56	40	0.0	0.0	39.6
Vermouth	15,892	15,819	0.4	0.4	0.5
Imported	8,910	8,466			5.2
Domestic	6,982	7,353			(5.0)
Virginia Wine	12,241	11,533	0.3	0.3	6.1
Non-Alcoholic Mixers	103,893	99,270	2.3	2.3	4.7
Non Beverage Item	20,549	17,331	0.5	0.4	18.6
<b>Statewide totals (2)</b>	<b>4,535,998</b>	<b>4,376,531</b>	<b>100.0</b>	<b>100.0</b>	<b>3.6</b>

- (1) Moonshine is now reported separate from the Corn Whiskey category. Fiscal year 2014 numbers were recalculated.  
 (2) Excludes miscellaneous records and confiscated items. Source: Policy, Planning and Analysis



## ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2015

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
<b>Statewide Totals</b>		<b>11,380,080</b>	<b>\$848,126,779</b>	<b>\$139,933,798</b>	<b>\$708,192,980</b>	<b>\$409,444,628</b>	<b>\$298,748,352</b>	<b>\$97,112,107</b>	<b>\$201,636,246</b>	<b>\$47,550,236</b>	<b>\$154,086,010</b>	<b>34.67</b>
137 674 Highway 58 E.	Norton City	22,187	1,461,207	241,283	1,219,924	702,950	516,974	215,447	301,527	81,909	219,617	31.54
194 16427-E. Wise St.	Wise County	9,103	581,476	96,437	485,039	279,197	205,842	157,949	47,893	32,567	15,326	19.22
206 18 East 4th St., S.	Wise County	12,069	731,690	121,225	610,465	352,229	258,236	114,646	143,590	40,988	102,601	30.59
218 3982 Highway 23 N.	Scott County	10,009	577,235	95,597	481,638	277,222	204,416	100,998	103,418	32,339	71,079	28.87
<b>Far Southwest</b>		<b>53,368</b>	<b>3,351,607</b>	<b>554,542</b>	<b>2,797,065</b>	<b>1,611,597</b>	<b>1,185,468</b>	<b>589,041</b>	<b>596,428</b>	<b>187,803</b>	<b>408,624</b>	<b>28.74</b>
87 4027 College Ave.	Tazewell County	21,657	1,472,307	243,594	1,228,713	709,514	519,199	255,927	263,271	82,500	180,772	28.82
174 One Plaza Dr.	Buchanan County	9,302	618,567	102,440	516,127	298,245	217,882	95,672	122,210	34,654	87,555	30.72
197 149 Clay Dr.	Tazewell County	21,507	1,393,345	229,522	1,163,823	671,009	492,814	191,053	301,762	78,143	223,619	32.52
230 722 E. Riverside	Tazewell County	8,065	513,102	84,818	428,284	247,207	181,077	91,547	89,530	28,756	60,773	28.37
365 340 Chase St.	Dickenson County	7,742	497,160	82,390	414,770	238,271	176,499	91,170	85,329	27,849	57,480	28.13
<b>Southwest</b>		<b>68,273</b>	<b>4,494,481</b>	<b>742,764</b>	<b>3,751,717</b>	<b>2,164,247</b>	<b>1,587,470</b>	<b>725,369</b>	<b>862,101</b>	<b>251,902</b>	<b>610,199</b>	<b>30.10</b>
58 3002 Lee Hwy.	Bristol City	28,288	1,981,566	326,885	1,654,681	953,438	701,243	236,461	464,782	111,100	353,682	34.34
96 974 E. Stuart Dr.	Galax City	25,078	1,473,818	242,793	1,231,025	709,422	521,603	183,326	338,277	82,655	255,622	33.82
135 1173 N. Main St.	Smyth County	25,335	1,575,772	260,392	1,315,380	757,002	558,379	183,761	374,618	88,319	286,299	34.69
141 441 W. Stuart Dr.	Carroll Co.	17,845	1,072,034	176,969	895,066	515,608	379,458	160,603	218,855	60,097	158,757	31.32
153 325 W. Main St.	Wythe Co.	26,387	1,727,572	284,593	1,442,979	831,357	611,622	173,555	438,067	96,886	341,181	36.22
201 545 W. Main St.	Washington Co.	42,609	2,943,155	486,778	2,456,377	1,421,753	1,034,624	207,023	827,601	164,929	662,673	39.06
343 2123 Euclid Ave.	Bristol City	25,029	1,508,035	248,945	1,259,090	725,521	533,569	188,411	345,158	84,539	260,619	33.79
<b>Wytheville/Hillsville</b>		<b>190,572</b>	<b>12,281,952</b>	<b>2,027,353</b>	<b>10,254,599</b>	<b>5,914,102</b>	<b>4,340,497</b>	<b>1,333,140</b>	<b>3,007,358</b>	<b>688,525</b>	<b>2,318,833</b>	<b>35.39</b>
67 290 Peppers Ferry Rd.	Montgomery Co.	34,670	2,454,560	403,436	2,051,124	1,184,410	866,714	302,545	564,169	137,719	426,450	33.81
195 100 N. Franklin St.	Montgomery Co.	28,968	1,837,030	304,521	1,532,509	886,637	645,872	206,508	439,364	102,897	336,467	34.89
199 140 Kinter Way	Giles Co.	15,162	881,304	145,962	735,342	424,283	311,059	128,367	182,691	49,373	133,318	31.69
327 1332 S. Main St.	Montgomery Co.	91,772	6,159,017	1,019,886	5,139,130	2,971,549	2,167,581	440,053	1,727,528	345,057	1,382,471	39.01
345 5265 Alexander Rd.	Pulaski Co.	27,171	1,711,111	282,709	1,428,402	823,616	604,786	170,803	433,984	95,907	338,077	36.28
356 97 Walker St.	Radford City	43,813	2,672,798	442,791	2,230,006	1,287,424	942,583	285,451	657,132	149,729	507,402	35.55
<b>Radford/Blacksburg</b>		<b>241,556</b>	<b>15,715,819</b>	<b>2,599,305</b>	<b>13,116,514</b>	<b>7,577,920</b>	<b>5,538,595</b>	<b>1,533,726</b>	<b>4,004,869</b>	<b>880,683</b>	<b>3,124,186</b>	<b>36.42</b>
115 1423 Williamson Rd. N.E.	Roanoke City	58,384	4,236,596	700,227	3,536,370	2,041,751	1,494,619	339,868	1,154,751	237,443	917,308	38.18
123 531 Main St.	Allegheny Co.	7,653	486,764	80,626	406,137	233,912	172,226	93,471	78,755	27,269	51,485	27.14
124 339 Thacker Ave., Suite 010	Covington City	15,846	1,062,011	176,229	885,782	511,686	374,096	236,408	137,688	59,474	78,214	23.96
186 1483 W. Main St.	Salem City	48,754	3,166,832	523,526	2,643,306	1,524,766	1,118,540	291,215	827,325	177,480	649,845	37.05
229 3940 Valley Gateway Blvd.	Roanoke Co.	24,081	1,615,877	267,389	1,348,489	777,809	570,680	209,649	361,031	90,542	270,489	33.29
259 5050-C Rutgers St.	Roanoke City	55,254	3,759,091	620,229	3,138,861	1,811,147	1,327,714	329,322	998,392	210,753	787,639	37.45
269 646 Brandon Ave.	Roanoke City	66,329	4,738,868	782,076	3,956,792	2,285,739	1,671,054	524,943	1,146,111	265,671	880,439	35.08
289 3341 Melrose Ave., N.W.	Roanoke City	39,509	2,860,448	475,661	2,384,788	1,371,324	1,013,464	261,526	751,938	160,122	591,816	37.32
309 3901 Brambleton Ave, S.W.	Roanoke Co.	62,532	4,237,649	699,353	3,538,297	2,045,518	1,492,778	351,251	1,141,528	237,572	903,956	37.83
337 1113 Vinyard Rd.	Roanoke Co.	34,642	2,170,279	359,718	1,810,561	1,044,249	766,312	229,811	536,501	121,567	414,935	35.69
364 56 Kingston Dr.	Botetourt Co.	25,854	1,774,640	293,104	1,481,537	855,865	625,672	236,989	388,683	99,475	289,208	32.81
<b>Roanoke</b>		<b>438,838</b>	<b>30,109,056</b>	<b>4,978,136</b>	<b>25,130,920</b>	<b>14,503,765</b>	<b>10,627,154</b>	<b>3,104,453</b>	<b>7,522,701</b>	<b>1,687,367</b>	<b>5,835,335</b>	<b>35.91</b>
57 1028 Richmond Ave.	Staunton City	14,908	1,065,330	175,404	889,925	513,849	376,076	257,564	118,513	59,752	58,760	21.98
68 2196 John Wayland Hwy.	Rockingham Co.	30,118	1,935,532	319,656	1,615,876	931,191	684,685	227,476	457,209	108,495	348,714	34.53
113 2827 Main St.	Bath Co.	8,667	737,175	119,166	618,009	356,704	261,305	153,591	107,715	41,495	66,220	25.15
122 201 State St.	Staunton City	25,934	1,807,730	298,611	1,509,119	870,929	638,190	200,299	437,890	101,327	336,564	35.14
140 445 E. Nelson St.	Lexington City	43,159	2,943,461	485,040	2,458,420	1,422,017	1,036,403	276,505	759,898	165,066	594,832	36.69
145 398 N. Main St.	Harrisonburg City	41,190	2,791,502	461,222	2,330,281	1,346,502	983,779	242,582	741,197	156,462	584,734	37.47

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

# ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2015

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
147 58 Water St.	Highland Co.	2,374	157,476	25,251	132,225	76,870	55,355	63,205	(7,850)	8,878	(16,728)	5.41
173 14817 Spotswood Trail	Rockingham Co.	14,884	971,211	160,323	810,888	467,146	343,742	145,658	198,084	54,446	143,639	31.30
184 2035 E. Market St.	Harrisonburg City	71,091	5,079,883	838,945	4,240,937	2,450,171	1,790,767	446,717	1,344,050	284,749	1,059,300	37.37
296 32 Windward Dr.	Augusta Co.	7,863	522,195	86,064	436,131	251,822	184,309	155,125	29,184	29,283	(99)	16.46
302 132 Lee Jackson Hwy.	Augusta Co.	20,770	1,381,340	227,164	1,154,175	667,073	487,103	180,075	307,028	77,495	229,533	33.06
338 125 Lucy Lane	Waynesboro City	43,923	2,991,930	493,344	2,498,586	1,442,379	1,056,207	326,497	729,710	167,763	561,948	35.27
339 Augusta Plz., Rt. 612	Augusta Co.	16,508	1,054,389	174,090	880,300	508,621	371,679	175,219	196,459	59,106	137,353	29.54
383 1037 Port Republic Rd.	Harrisonburg City	8,247	548,864	90,811	458,053	262,821	195,232	106,829	88,403	30,755	57,648	27.05
386 2576 Stuarts Draft Hwy.	Augusta Co.	11,442	738,601	122,289	616,312	355,121	261,190	119,590	141,600	41,381	100,219	30.13
<b>Staunton/Waynesboro</b>		<b>361,078</b>	<b>24,726,619</b>	<b>4,077,382</b>	<b>20,649,237</b>	<b>11,923,215</b>	<b>8,726,022</b>	<b>3,076,932</b>	<b>5,649,089</b>	<b>1,386,453</b>	<b>4,262,636</b>	<b>33.73</b>
47 380 Gateway Dr.	Frederick Co.	30,667	2,212,277	365,563	1,846,713	1,066,532	780,181	278,435	501,746	123,994	377,752	33.60
52 786 Shopping Ctr. Rd.	Shenandoah Co.	14,309	921,016	152,550	768,466	443,928	324,538	147,860	176,678	51,597	125,081	30.14
56 182 Delco Plz.	Frederick Co.	26,944	1,933,263	318,367	1,614,896	932,450	682,446	208,823	473,623	108,429	365,194	35.36
75 226 Elizabeth Dr.	Frederick Co.	23,020	1,609,476	265,602	1,343,875	775,528	568,347	202,109	366,238	90,232	276,006	33.65
139 160 Rivendell Ct.	Frederick Co.	43,255	3,084,091	507,375	2,576,715	1,490,381	1,086,334	260,686	825,648	173,009	652,639	37.61
142 411-F South St.	Warren Co.	37,976	2,663,365	437,363	2,226,002	1,284,777	941,225	266,353	674,872	149,461	525,411	36.15
167 21 Crow St.	Clarke Co.	14,517	1,019,677	168,280	851,397	492,710	358,687	157,056	201,631	57,165	144,465	30.67
193 1412 W. 211 Bypass	Page Co.	19,576	1,277,829	209,784	1,068,045	616,311	451,734	167,052	284,683	71,712	212,971	33.08
261 2218 Valley Ave.	Winchester City	36,519	2,535,572	418,305	2,117,266	1,223,415	893,852	240,648	653,203	142,160	511,044	36.65
293 5814 Main St.	Shenandoah Co.	12,934	822,912	136,029	686,883	397,364	289,519	93,681	195,838	46,119	149,719	34.72
318 1015 S. Main St.	Shenandoah Co.	20,462	1,332,747	220,177	1,112,569	642,377	470,192	161,886	308,306	74,701	233,605	34.05
387 115 Crooked Run Plz.	Warren Co.	20,934	1,475,345	240,978	1,234,367	711,953	522,414	197,797	324,618	82,879	241,739	32.72
<b>Winchester/Front Royal</b>		<b>301,112</b>	<b>20,887,569</b>	<b>3,440,374</b>	<b>17,447,195</b>	<b>10,077,726</b>	<b>7,369,469</b>	<b>2,382,385</b>	<b>4,987,084</b>	<b>1,171,458</b>	<b>3,815,626</b>	<b>34.74</b>
33 12631 Galveston Ct.	Prince William Co.	26,042	2,168,020	358,757	1,809,264	1,047,155	762,108	360,221	401,887	121,479	280,407	29.48
36 8038 Crescent Park Dr.	Prince William Co.	27,644	2,298,788	378,815	1,919,973	1,113,578	806,395	286,970	519,424	128,913	390,512	33.47
39 10410 Bristow Ctr. Dr.	Prince William Co.	33,064	2,638,559	435,267	2,203,292	1,276,666	926,626	340,388	586,238	147,936	438,302	33.11
40 22000 Dulles Retail Plz.	Loudoun Co.	21,759	2,143,641	353,171	1,790,470	1,036,847	753,623	361,784	391,839	120,218	271,621	29.15
41 12950 Highland Crossing Dr.	Fairfax Co.	16,236	1,600,631	265,059	1,335,572	772,967	562,605	323,703	238,902	89,674	149,227	25.88
42 7469 Richmond Hwy.	Fairfax Co.	23,358	1,753,811	289,956	1,463,856	846,718	617,138	291,071	326,066	98,288	227,779	29.52
45 8428 Old Keene Mill Rd.	Fairfax Co.	27,672	2,239,586	369,855	1,869,731	1,081,066	788,665	386,175	402,489	125,539	276,950	28.88
49 881 N. Quincy St.	Arlington Co.	50,250	4,541,643	747,378	3,794,265	2,197,528	1,596,737	485,234	1,111,503	254,759	856,744	35.32
54 42015 Village Ctr. Plz.	Loudoun Co.	32,009	2,969,963	487,102	2,482,861	1,435,059	1,047,802	368,427	679,375	166,707	512,668	33.66
55 9934 Liberia Ave.	Manassas City	37,424	3,032,530	500,292	2,532,238	1,464,422	1,067,816	385,311	682,504	170,022	512,482	33.40
61 22360 S. Sterling Blvd.	Loudoun Co.	26,600	2,078,697	344,363	1,734,334	1,002,887	731,447	316,979	414,468	116,448	298,019	30.90
63 8951 Ox Rd.	Fairfax Co.	17,014	1,423,784	234,317	1,189,466	688,453	501,014	220,791	280,223	79,864	200,358	30.53
73 43150 Broadlands Shopping Ctr. Plz.	Loudoun Co.	28,398	2,475,178	408,096	2,067,083	1,196,109	870,974	331,247	539,726	138,790	400,936	32.69
76 1212 W. Broad St.	Falls Church City	26,956	2,421,668	396,627	2,025,041	1,168,023	857,018	447,419	409,599	135,967	273,632	27.68
78 5331 Merchants View Sq.	Prince William Co.	24,407	2,061,195	338,981	1,722,214	999,447	722,767	319,992	402,775	115,635	287,140	30.38
80 6206 Little River Tnpk.	Fairfax Co.	32,659	2,765,494	457,537	2,307,957	1,333,111	974,846	377,328	597,518	154,963	442,555	32.55
81 6230 J N. Kings Hwy.	Fairfax Co.	26,221	2,103,982	346,568	1,757,414	1,017,289	740,125	300,058	440,067	117,998	322,069	31.78
82 46930 Cedar Lakes Plz.	Loudoun Co.	46,583	4,147,067	683,054	3,464,013	2,009,305	1,454,708	435,361	1,019,347	232,584	786,762	35.44
83 7263 Arlington Blvd.	Fairfax Co.	18,321	1,607,009	265,334	1,341,675	777,921	563,754	275,048	288,706	90,084	198,622	28.87
84 13053 E. Lee Jackson Hwy.	Fairfax Co.	23,570	2,067,852	341,064	1,726,787	1,000,172	726,615	287,172	439,443	115,942	323,501	32.14
85 2930 Chain Bridge Rd.	Fairfax Co.	29,574	2,511,790	412,822	2,098,969	1,213,618	885,350	383,730	501,620	140,931	360,689	30.80
90 12965 Fair Lakes Shp. Ctr.	Fairfax Co.	39,160	3,409,843	557,056	2,852,787	1,646,041	1,206,745	463,138	743,608	191,545	552,063	32.53
93 6124 Rose Hill Dr.	Fairfax Co.	21,710	1,779,795	293,836	1,485,959	859,708	626,251	270,930	355,321	99,772	255,549	30.87
94 42385, Ryan Rd., # 106	Loudoun Co.	19,349	1,873,418	309,177	1,564,240	905,396	658,844	284,010	374,834	105,028	269,806	30.91
99 601 Post Dr.	Fairfax Co.	39,167	3,626,203	598,420	3,027,783	1,752,630	1,275,152	412,818	862,334	203,295	659,039	34.68

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

# ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2015

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
109 1922 Wilson Blvd.	Arlington Co.	1,879	176,670	28,586	148,084	84,891	63,193	141,653	(78,460)	9,943	(88,403)	(33.86)
111 5722 Union Mill Rd.	Fairfax Co.	33,928	2,837,064	468,168	2,368,896	1,366,847	1,002,050	415,464	586,586	159,055	427,531	31.57
119 901 North St. Asaph St.	Alexandria City	55,494	5,182,536	854,886	4,327,651	2,504,263	1,823,387	388,186	1,435,202	290,572	1,144,630	38.58
120 5926 Kingstowne Ctr.	Fairfax Co.	36,592	3,420,050	558,310	2,861,740	1,653,896	1,207,844	404,693	803,152	192,146	611,006	34.19
127 13300 Franklin Farm Rd.	Fairfax Co.	16,384	1,432,188	236,435	1,195,753	691,835	503,919	237,512	266,406	80,287	186,120	29.50
131 6920-E Bradlick Shp. Ctr.	Fairfax Co.	27,100	2,334,088	386,112	1,947,977	1,125,376	822,601	322,440	500,161	130,793	369,368	32.37
133 9130 Mathis Ave.	Manassas City	40,608	3,138,003	518,068	2,619,935	1,515,066	1,104,869	372,142	732,728	175,910	556,817	34.25
136 18 Fairfax St. S.E.	Loudoun Co.	43,431	3,531,420	584,411	2,947,009	1,706,959	1,240,050	322,132	917,918	197,871	720,047	36.94
166 506 Fort Evans Rd. N.E.	Loudoun Co.	47,403	4,333,441	712,250	3,621,191	2,097,035	1,524,156	448,488	1,075,669	243,138	832,531	35.65
168 1001 N. Fillmore St.	Arlington Co.	31,389	2,934,956	480,993	2,453,963	1,416,434	1,037,529	342,413	695,115	164,767	530,349	34.46
170 1238 Elden St.	Fairfax Co.	37,278	3,292,630	543,972	2,748,659	1,590,533	1,158,126	372,528	785,598	184,553	601,045	34.78
181 106 Washington St.	Loudoun Co.	8,782	948,240	154,649	793,591	459,989	333,602	98,785	234,817	53,284	181,533	35.45
203 3678 King St.	Alexandria City	36,365	3,380,804	552,376	2,828,428	1,632,518	1,195,910	421,776	774,133	189,909	584,224	33.62
208 44110 Ashburn Village Blvd.	Loudoun Co.	27,257	2,361,898	389,104	1,972,794	1,144,777	828,017	298,407	529,610	132,459	397,150	33.29
210 11160 South Lakes Dr.	Fairfax Co.	25,445	2,326,452	384,173	1,942,279	1,123,656	818,622	359,611	459,012	130,411	328,601	30.64
212 167 Hillwood Ave.	Falls Church City	15,418	1,225,673	201,774	1,023,900	592,149	431,751	284,887	146,863	68,748	78,115	22.84
215 320 23rd St. S.	Arlington Co.	31,063	2,954,549	483,312	2,471,237	1,428,777	1,042,460	356,184	686,276	165,926	520,350	33.97
219 8413 Old Courthouse Rd.	Fairfax Co.	66,752	7,048,143	1,136,969	5,911,174	3,409,970	2,501,204	1,160,205	1,341,000	396,894	944,105	29.53
224 13944 Lee Jackson Hwy.	Fairfax Co.	34,443	2,907,299	476,427	2,430,872	1,407,108	1,023,764	403,103	620,661	163,216	457,445	32.12
228 1524 Belle View Blvd.	Fairfax Co.	44,607	4,090,487	667,881	3,422,606	1,976,984	1,445,622	408,911	1,036,711	229,804	806,907	36.05
231 436 E. Maple Ave.	Fairfax Co.	40,629	3,787,663	614,000	3,173,663	1,835,770	1,337,893	501,481	836,412	213,089	623,322	32.67
234 9574 Old Keene Mill Rd.	Fairfax Co.	27,499	2,253,858	372,258	1,881,600	1,088,535	793,065	339,925	453,140	126,336	326,803	31.02
235 8628 Richmond Hwy.	Fairfax Co.	33,035	2,540,612	419,144	2,121,469	1,227,988	893,480	363,078	530,402	142,442	387,960	31.77
236 7200 Little River Tnpk.	Fairfax Co.	38,452	3,013,062	497,791	2,515,271	1,445,830	1,069,441	324,079	745,361	168,883	576,479	35.65
241 11260 James Swart Circle	Fairfax Co.	43,185	3,873,217	633,093	3,240,125	1,871,636	1,368,488	415,366	953,123	217,552	735,571	35.34
248 4709 Lee Hwy.	Arlington Co.	43,905	3,750,222	617,483	3,132,739	1,812,114	1,320,625	517,710	802,915	210,342	592,573	32.27
260 6284 Arlington Blvd.	Fairfax Co.	22,363	2,003,068	328,624	1,674,444	970,288	704,156	279,938	424,218	112,427	311,790	31.97
264 16661 River Ridge Blvd.	Prince William Co.	36,772	2,975,875	491,645	2,484,230	1,435,093	1,049,137	361,199	687,938	166,799	521,139	34.03
267 1446 Chain Bridge Rd.	Fairfax Co.	49,060	4,866,905	794,290	4,072,615	2,354,599	1,718,016	505,723	1,212,293	273,448	938,845	35.61
268 6400 Springfield Plz.	Fairfax Co.	56,416	4,859,798	799,262	4,060,537	2,348,724	1,711,813	523,855	1,187,958	272,637	915,321	35.28
271 13991 Jefferson Davis Hwy.	Prince William Co.	50,052	4,215,749	696,302	3,519,447	2,036,895	1,482,552	477,925	1,004,627	236,306	768,321	34.74
273 9421 Lorton Market St.	Fairfax Co.	28,526	2,314,713	382,977	1,931,737	1,117,762	813,974	290,027	523,948	129,703	394,245	33.58
286 7555 Linton Hall Rd.	Prince William Co.	33,593	2,908,664	479,744	2,428,920	1,404,824	1,024,096	442,381	581,715	163,085	418,630	30.89
294 3556-E. S. Jefferson St.	Fairfax Co.	52,670	4,792,740	791,513	4,001,227	2,318,553	1,682,675	599,088	1,083,587	268,655	814,932	33.52
295 8095 Sudley Rd.	Prince William Co.	61,563	4,972,587	820,883	4,151,704	2,399,035	1,752,670	584,648	1,168,022	278,758	889,264	34.39
297 4607 Duke St.	Alexandria City	4,741	390,153	64,381	325,772	189,220	136,552	78,220	58,332	21,873	36,459	25.85
301 4292 Merchants Plz.	Prince William Co.	40,835	3,419,577	563,949	2,855,627	1,652,974	1,202,654	406,959	795,695	191,736	603,959	34.15
316 4108 Fortuna Center Plz.	Prince William Co.	34,218	2,822,678	465,875	2,356,803	1,363,234	993,570	357,448	636,122	158,243	477,879	33.43
317 9600 E. Main St.	Fairfax City	28,991	2,401,147	395,878	2,005,269	1,159,973	845,296	378,767	466,528	134,640	331,889	30.31
319 2435 N. Harrison St.	Arlington Co.	27,436	2,511,158	412,484	2,098,675	1,214,877	883,797	373,596	510,201	140,911	369,290	31.13
322 14151 St. Germain Dr.	Fairfax Co.	47,115	3,850,614	632,976	3,217,639	1,853,661	1,363,977	466,733	897,244	216,042	681,202	34.13
323 201-A N. Maple Ave.	Loudoun Co.	35,120	2,921,648	480,949	2,440,698	1,412,938	1,027,760	334,276	693,485	163,876	529,609	34.59
346 8105 Lee Hwy.	Fairfax Co.	40,654	3,584,257	589,134	2,995,123	1,730,505	1,264,618	413,326	851,292	201,102	650,190	34.58
352 2555 John Milton Dr.	Fairfax Co.	23,873	2,085,346	343,235	1,742,111	1,007,722	734,389	310,235	424,154	116,971	307,184	31.19
353 4255 Cheshire Plz.	Prince William Co.	64,443	5,265,945	863,821	4,402,123	2,541,210	1,860,914	581,680	1,279,234	295,572	983,662	35.08
357 1454 N. Point Village Shopping Ctr.	Fairfax Co.	42,595	4,040,876	665,407	3,375,470	1,954,237	1,421,233	422,681	998,552	226,639	771,913	35.57
358 4312 Wheeler Ave.	Alexandria City	67,202	6,254,030	1,020,863	5,233,167	3,023,920	2,209,247	488,976	1,720,271	351,371	1,368,900	38.21
362 100 Edds Lane	Loudoun Co.	36,749	3,078,046	507,341	2,570,705	1,488,961	1,081,744	368,212	713,532	172,605	540,927	34.06
367 20070 Ashbrook Commons Pl.	Loudoun Co.	27,111	2,485,559	410,284	2,075,276	1,201,411	873,865	318,595	555,270	139,340	415,929	33.24

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)



## ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2015

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
368 10308 Willard Way	Fairfax City	29,459	2,248,279	370,971	1,877,308	1,087,381	789,927	317,877	472,050	126,048	346,002	31.89
369 6343 A Columbia Pike	Fairfax Co.	27,463	2,290,708	378,664	1,912,043	1,101,061	810,982	286,362	524,620	128,380	396,239	33.83
371 5739 Burke Centre Pkwy.	Fairfax Co.	30,105	2,516,481	414,491	2,101,991	1,216,331	885,660	299,642	586,017	141,134	444,883	34.15
372 3161 Duke St.	Alexandria City	31,991	2,834,802	468,448	2,366,354	1,369,366	996,988	330,680	666,308	158,884	507,424	34.42
374 2955-A S. Glebe Rd.	Arlington Co.	62,453	5,744,053	945,057	4,798,996	2,657,671	2,141,325	479,328	1,661,997	308,359	1,353,639	40.02
375 2225 Old Bridge Rd.	Prince William Co.	23,049	1,787,980	294,723	1,493,257	863,310	629,948	228,051	401,897	100,262	301,635	33.35
378 2940 Columbia Pike	Arlington Co.	22,701	1,991,048	327,266	1,663,782	962,095	701,688	364,212	337,476	111,711	225,765	27.78
384 5109 Westfields Blvd.	Fairfax Co.	22,178	1,819,572	295,281	1,524,291	880,483	643,809	256,459	387,350	102,346	285,004	31.89
385 9575 Braddock Rd.	Fairfax Co.	16,545	1,316,345	216,288	1,100,057	636,449	463,608	260,318	203,290	73,861	129,429	26.26
388 8150 Leesburg Pike	Fairfax Co.	3,159	489,755	78,517	411,238	235,485	175,753	183,374	(7,621)	27,612	(35,233)	8.84
<b>Northern Virginia</b>		<b>2,784,670</b>	<b>242,875,532</b>	<b>39,937,049</b>	<b>202,938,483</b>	<b>117,243,300</b>	<b>85,695,182</b>	<b>31,107,259</b>	<b>54,587,923</b>	<b>13,612,048</b>	<b>40,975,875</b>	<b>33.31</b>
37 15149 Montanus Dr.	Culpeper Co.	30,531	2,187,362	359,248	1,828,114	1,054,878	773,236	271,881	501,355	122,745	378,610	33.73
51 265 Turkey Sag Trail	Fluvanna Co.	20,505	1,386,544	228,130	1,158,414	669,060	489,354	157,030	332,324	77,779	254,545	34.81
66 11083-E Marsh Rd.	Fauquier Co.	21,440	1,477,280	243,334	1,233,946	724,372	509,573	217,942	291,631	82,851	208,780	30.60
72 5390 A Lyndon Dr.	Orange Co.	28,989	1,953,613	321,641	1,631,971	944,336	687,635	215,184	472,451	109,576	362,876	35.04
88 4199-B Winchester Rd.	Fauquier Co.	16,235	1,199,030	197,953	1,001,077	580,490	420,587	154,197	266,390	67,215	199,175	33.12
163 583 N. Madison Rd.	Orange Co.	16,645	1,096,221	181,146	915,075	527,039	388,035	166,450	221,586	61,441	160,145	31.13
227 S. Main St.	Orange Co.	9,972	647,766	106,673	541,093	311,985	229,108	85,351	143,757	36,331	107,426	33.05
274 28 Madison Plz. Dr.	Madison Co.	10,858	716,563	118,202	598,361	345,378	252,983	116,937	136,046	40,176	95,870	29.87
303 175 Lee Hwy.	Fauquier Co.	60,518	4,597,523	752,550	3,844,973	2,226,041	1,618,933	458,551	1,160,382	258,163	902,218	35.99
329 185 Southgate Shop Ctr.	Culpeper Co.	25,549	1,737,501	286,420	1,451,081	838,165	612,917	226,191	386,726	97,430	289,296	33.13
<b>Warrenton/Culpeper</b>		<b>241,241</b>	<b>16,999,402</b>	<b>2,795,296</b>	<b>14,204,106</b>	<b>8,221,743</b>	<b>5,982,363</b>	<b>2,069,714</b>	<b>3,912,648</b>	<b>953,707</b>	<b>2,958,941</b>	<b>33.85</b>
46 183 Community St.	Albemarle Co.	24,247	1,956,236	321,713	1,634,523	945,787	688,736	257,232	431,504	109,747	321,757	32.89
50 325 Four Leaf Lane	Albemarle Co.	18,581	1,484,025	244,377	1,239,647	717,937	521,710	188,010	333,701	83,234	250,467	33.34
70 98 Stoneridge Dr.	Greene Co.	20,367	1,353,758	223,188	1,130,570	652,741	477,829	193,470	284,359	75,910	208,449	31.88
125 304 Pantops Ctr.	Albemarle Co.	43,905	3,244,426	534,410	2,710,016	1,567,607	1,142,408	283,812	858,596	181,959	676,637	37.33
126 2819 Rockfish Valley Hwy.	Nelson Co.	9,701	736,450	120,038	616,413	357,285	259,128	103,087	156,041	41,388	114,653	31.87
138 502 E. Main St.	Louisa Co.	22,774	1,347,685	222,835	1,124,850	647,843	477,007	171,323	305,684	75,526	230,158	33.61
185 502 W. Main St.	Charlottesville City	43,782	3,290,822	543,234	2,747,589	1,586,334	1,161,255	271,377	889,878	184,481	705,397	37.94
189 138 Scottsville Village Sq.	Albemarle Co.	10,405	674,979	111,878	563,101	324,882	238,219	104,145	134,073	37,808	96,265	30.84
202 1902 Emmet St.	Charlottesville City	72,879	6,164,987	1,006,056	5,158,931	2,975,837	2,183,093	484,212	1,698,881	346,386	1,352,495	38.26
253 1169 Emmet St.	Charlottesville City	55,754	4,290,107	706,863	3,583,244	2,073,523	1,509,721	415,017	1,094,704	240,590	854,114	36.39
321 77 Callohill Dr.	Nelson Co.	11,544	759,080	125,742	633,337	365,517	267,820	158,883	108,937	42,524	66,413	25.31
359 1872 Rio Hill Ctr.	Albemarle Co.	25,785	1,916,546	315,374	1,601,172	925,264	675,908	215,782	460,126	107,508	352,618	34.85
376 11016 Kentucky Springs Rd.	Louisa Co.	21,478	1,247,343	206,435	1,040,908	721,741	319,167	168,013	151,154	83,750	67,404	21.95
<b>Charlottesville</b>		<b>381,202</b>	<b>28,466,444</b>	<b>4,682,143</b>	<b>23,784,301</b>	<b>13,862,299</b>	<b>9,922,001</b>	<b>3,014,364</b>	<b>6,907,638</b>	<b>1,610,811</b>	<b>5,296,827</b>	<b>35.06</b>
117 309 Twelfth St.	Lynchburg City	39,229	2,512,355	415,966	2,096,389	1,206,095	890,293	235,856	654,437	140,758	513,679	37.00
160 1128 E. Lynchburg Salem Tnpk.	Bedford City	26,352	1,660,606	274,727	1,385,879	798,657	587,222	200,116	387,105	93,052	294,053	34.25
176 416 Lusardi Dr.	Campbell Co.	9,842	570,765	94,738	476,027	273,874	202,153	125,307	76,846	31,962	44,884	24.46
262 20401 Timberlake Rd.	Campbell Co.	44,694	2,910,759	482,129	2,428,630	1,401,507	1,027,124	262,412	764,712	163,066	601,646	37.23
266 2118 Wards Rd.	Lynchburg City	45,303	2,888,853	478,502	2,410,351	1,390,183	1,020,168	316,801	703,367	161,838	541,529	35.31
279 18013 Forest Rd.	Bedford Co.	41,037	2,778,597	459,842	2,318,755	1,339,105	979,650	274,704	704,946	155,688	549,258	36.32
281 216 Amelon Sq. Plz.	Amherst Co.	28,402	1,786,847	295,798	1,491,049	859,862	631,187	242,798	388,389	100,114	288,275	32.69
285 199 Ambriar Shp. Ctr.	Amherst Co.	12,054	783,678	129,194	654,483	378,027	276,456	137,213	139,243	43,944	95,299	28.65
287 4925 Boonsboro Rd.	Lynchburg City	26,850	2,006,852	331,084	1,675,768	971,199	704,570	212,834	491,736	112,516	379,220	35.39
347 1301-I N. Main St.	Campbell Co.	21,578	1,317,273	218,352	1,098,921	632,147	466,774	177,733	289,041	73,785	215,256	32.92
354 7795 Richmond Hwy.	Appomattox Co.	18,848	1,144,052	189,803	954,250	550,271	403,979	165,567	238,412	64,071	174,340	31.83
<b>Lynchburg</b>		<b>314,189</b>	<b>20,360,636</b>	<b>3,370,135</b>	<b>16,990,501</b>	<b>9,800,925</b>	<b>7,189,575</b>	<b>2,351,341</b>	<b>4,838,234</b>	<b>1,140,794</b>	<b>3,697,440</b>	<b>34.71</b>

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

## ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2015

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
132 2777 Greensboro Rd.	Henry Co.	26,827	1,626,173	269,841	1,356,333	780,276	576,057	200,758	375,300	91,068	284,231	34.07
146 639 W. Main St.	Danville City	23,509	1,423,878	236,236	1,187,642	684,562	503,080	200,276	302,804	79,742	223,062	32.26
154 235 N. Union St.	Danville City	12,399	661,329	109,749	551,580	317,303	234,278	104,210	130,068	37,035	93,033	30.66
191 400 Old Franklin Tnpk.	Franklin Co.	36,258	2,247,347	372,119	1,875,228	1,082,627	792,601	247,280	545,321	125,909	419,412	35.22
213 12990 B. T. Washington Hwy.	Franklin Co.	36,741	2,517,203	415,149	2,102,053	1,218,773	883,280	291,212	592,069	141,138	450,931	34.41
276 221 Nor-Dan Dr.	Danville City	32,755	2,146,443	355,609	1,790,835	1,032,260	758,575	285,469	473,106	120,242	352,864	33.01
277 985 Fairystone Park Hwy.	Henry Co.	20,632	1,183,159	196,264	986,895	567,818	419,077	162,741	256,337	66,263	190,074	32.65
283 Tightsqueeze Plz.	Pittsylvania Co.	14,541	915,818	151,619	764,200	440,334	323,866	167,346	156,520	51,311	105,209	28.04
291 786 Commonwealth Blvd.	Henry Co.	35,774	2,280,148	377,992	1,902,156	1,097,178	804,978	277,929	527,049	127,717	399,333	34.09
324 301 S. Main St.	Patrick Co.	11,163	712,315	118,256	594,060	342,491	251,569	94,810	156,759	39,887	116,872	33.01
373 3282 Riverside Dr.	Danville City	31,463	2,116,622	350,478	1,766,144	1,018,889	747,255	263,311	483,944	118,584	365,360	33.82
<b>Danville/Martinsville</b>		<b>282,063</b>	<b>17,830,436</b>	<b>2,953,311</b>	<b>14,877,126</b>	<b>8,582,509</b>	<b>6,294,617</b>	<b>2,295,340</b>	<b>3,999,276</b>	<b>998,896</b>	<b>3,000,381</b>	<b>33.39</b>
59 3136 Halifax Rd.	Halifax Co.	42,669	2,734,690	453,386	2,281,303	1,317,109	964,194	300,865	663,329	153,174	510,155	35.23
143 812 East Atlantic St.	Mecklenburg Co.	41,546	2,669,445	442,702	2,226,743	1,286,166	940,576	242,975	697,601	149,510	548,091	37.12
157 302 New Hicks St.	Brunswick Co.	11,826	684,819	113,802	571,017	329,865	241,152	96,831	144,321	38,340	105,981	32.09
172 112 N. Main St.	Mecklenburg Co.	11,183	627,437	104,414	523,022	300,713	222,310	141,153	81,156	35,117	46,039	23.98
214 608 Virginia Ave.	Mecklenburg Co.	16,962	1,080,679	179,213	901,466	520,748	380,718	145,754	234,964	60,527	174,437	32.72
<b>South Boston</b>		<b>124,185</b>	<b>7,797,069</b>	<b>1,293,518</b>	<b>6,503,551</b>	<b>3,754,601</b>	<b>2,748,950</b>	<b>927,578</b>	<b>1,821,372</b>	<b>436,668</b>	<b>1,384,703</b>	<b>34.35</b>
152 1506 S. Main St.	Prince Edward Co.	44,757	2,806,649	464,927	2,341,722	1,353,018	988,704	274,103	714,601	157,230	557,370	36.42
161 501 F Main St.	Lunenburg Co.	9,281	509,725	84,737	424,988	244,931	180,057	83,224	96,833	28,535	68,298	30.02
164 1618 W. Virginia Ave.	Nottoway Co.	10,453	607,244	100,906	506,338	291,780	214,558	147,519	67,039	33,997	33,042	22.06
178 974 Main St.	Buckingham Co.	10,110	611,403	101,565	509,838	293,559	216,280	142,784	73,496	34,232	39,264	23.03
196 4875 Main St.	Charlottesville Co.	10,531	635,164	105,272	529,892	305,233	224,659	114,334	110,325	35,579	74,746	28.34
275 1527 S. Main St.	Nottoway Co.	17,010	1,021,744	169,826	851,918	491,125	360,793	158,400	202,393	57,200	145,193	30.83
351 15127 Patrick Henry Hwy.	Amelia Co.	11,044	681,761	113,226	568,535	327,459	241,076	103,488	137,588	38,173	99,415	31.19
<b>Farmville</b>		<b>113,187</b>	<b>6,873,689</b>	<b>1,140,459</b>	<b>5,733,231</b>	<b>3,307,103</b>	<b>2,426,127</b>	<b>1,023,852</b>	<b>1,402,275</b>	<b>384,947</b>	<b>1,017,328</b>	<b>31.39</b>
38 2501 New Kent Hwy.	New Kent Co.	30,987	2,067,186	341,327	1,725,859	998,977	726,882	245,846	481,036	115,879	365,156	34.18
77 1800 S. Creek Dr.	Powhatan Co.	19,025	1,266,801	209,599	1,057,202	612,175	445,027	162,575	282,453	70,984	211,469	33.24
86 2610 Buford Rd.	Chesterfield Co.	31,635	2,480,514	405,488	2,075,026	1,200,808	874,218	274,548	599,670	139,324	460,347	34.91
89 34-A Broad St. Rd.	Goochland Co.	23,139	1,738,181	287,346	1,450,835	841,395	609,440	164,816	444,623	97,413	347,210	36.51
97 6504 Hull St.	Richmond City	37,289	2,831,074	469,383	2,361,691	1,365,747	995,943	299,923	696,021	158,571	537,449	35.56
101 3100-A W. Broad St.	Richmond City	36,213	2,735,664	451,879	2,283,785	1,319,825	963,960	381,256	582,704	153,340	429,364	32.21
102 1901 W. Main St.	Richmond City	35,816	2,578,327	413,971	2,164,356	1,239,841	924,515	245,323	679,192	145,321	533,870	36.76
104 7028 Woodlake Commons	Chesterfield Co.	39,783	2,887,707	474,572	2,413,136	1,396,360	1,016,775	343,441	673,334	162,025	511,309	34.14
108 10242 Staples Mill Rd.	Henrico Co.	26,148	1,895,027	311,648	1,583,379	917,575	665,805	221,249	444,555	106,313	338,242	34.29
116 12629 Jefferson Davis Hwy.	Chesterfield Co.	62,032	4,533,237	747,986	3,785,251	2,190,088	1,595,163	435,326	1,159,837	254,153	905,684	36.48
150 6030 Brook Rd.	Henrico Co.	33,186	2,269,285	375,529	1,893,756	1,092,574	801,182	252,344	548,838	127,153	421,685	35.13
159 201 Stone Bridge Plz. Ave.	Chesterfield Co.	32,761	2,415,484	399,805	2,015,679	1,162,542	853,137	287,303	565,835	135,339	430,496	34.37
169 10 N. Thompson St.	Richmond City	75,333	6,461,490	1,038,928	5,422,562	3,119,594	2,302,968	398,386	1,904,582	364,087	1,540,494	39.92
171 8700 W. Broad St.	Henrico Co.	37,278	2,933,597	484,600	2,448,997	1,416,910	1,032,087	305,172	726,914	164,433	562,481	35.69
180 2026 E. Main St.	Richmond City	50,561	3,999,647	659,339	3,340,308	1,934,006	1,406,303	324,576	1,081,726	224,278	857,448	37.92
182 1217 West Broad St.	Richmond City	31,909	2,196,055	363,368	1,832,687	1,057,962	774,725	280,544	494,181	123,052	371,129	33.45
187 2421 Venable St.	Richmond City	24,697	1,275,107	212,250	1,062,856	606,800	456,057	154,312	301,745	71,363	230,381	34.71
190 13113 Rittenhouse Dr.	Chesterfield Co.	51,227	3,879,926	633,234	3,246,692	1,876,334	1,370,358	362,787	1,007,572	217,993	789,579	36.67
204 1592 Anderson Hwy.	Cumberland Co.	5,686	352,835	58,318	294,517	169,889	124,628	28,363	19,775	8,588	11,187	18.96
205 2288 John Rolfe Pkwy.	Henrico Co.	19,721	1,464,704	241,437	1,223,268	707,648	515,619	193,987	321,632	82,134	239,499	32.83
207 10106 Brook Rd.	Henrico Co.	33,091	2,622,505	431,561	2,190,944	1,266,726	924,218	318,544	605,674	147,107	458,567	33.94
242 1601 Willow Lawn Dr.	Henrico Co.	41,157	3,248,674	531,205	2,717,469	1,566,779	1,150,690	340,766	809,924	182,459	627,465	35.67

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

# ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2015

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
243 209 N. Washington Hwy.	Hanover Co.	39,097	2,609,504	431,158	2,178,346	1,260,584	917,762	268,326	649,436	146,261	503,175	35.81
247 9685 W. Broad St.	Henrico Co.	29,543	2,199,282	363,066	1,836,215	1,060,573	775,642	288,222	487,421	123,289	364,131	33.07
251 2924 N. Ave.	Richmond City	16,833	901,649	150,037	751,613	430,279	321,334	136,468	184,866	50,466	134,400	31.55
252 618 W. Southside Plz.	Richmond City	47,635	3,037,479	504,324	2,533,154	1,459,945	1,073,210	312,866	760,344	170,084	590,260	36.04
254 7015 Three Chopt Rd.	Richmond City	25,634	2,047,865	336,590	1,711,275	989,950	721,325	286,656	434,669	114,900	319,769	32.05
270 809 E. Parham Rd.	Henrico Co.	36,504	2,481,800	410,091	2,071,709	1,195,712	875,997	333,848	542,149	139,101	403,048	32.76
284 14229 Midlothian TnPk.	Chesterfield Co.	42,915	3,189,530	526,539	2,662,991	1,543,977	1,119,015	369,566	749,448	178,801	570,647	34.40
292 1521 Parham Rd.	Henrico Co.	29,130	2,181,080	359,682	1,821,398	1,053,012	768,386	268,868	499,518	122,294	377,224	33.79
300 9502 Chamberlayne Rd.	Hanover Co.	30,221	2,117,059	349,341	1,767,719	1,022,801	744,918	245,246	499,672	118,690	380,982	34.50
304 2734 Fairground Rd.	Goochland Co.	16,367	1,087,676	179,858	907,818	525,335	382,483	166,241	216,242	60,954	155,288	30.81
305 3910 Mechanicsville TnPk.	Henrico Co.	37,182	2,481,809	411,987	2,069,822	1,192,386	877,436	337,644	539,792	138,974	400,818	32.75
308 11252 Patterson Ave.	Henrico Co.	14,265	1,060,616	174,842	885,773	513,907	371,866	157,864	214,003	59,474	154,529	31.05
314 4320 S. Laburnum Ave.	Henrico Co.	76,142	5,614,869	922,235	4,692,634	2,710,350	1,982,285	450,296	1,531,989	315,078	1,216,911	38.10
315 7048 Commons Plz.	Chesterfield Co.	38,648	2,736,264	451,760	2,284,504	1,320,440	964,063	293,503	670,560	153,389	517,171	35.41
326 2105 Academy Rd.	Powhatan Co.	16,602	1,092,305	180,987	911,318	527,491	383,827	136,066	247,761	61,189	186,572	33.65
330 5722 Hopkins Rd.	Chesterfield Co.	30,472	2,142,098	354,980	1,787,118	1,030,331	756,786	325,818	430,969	119,993	310,976	31.09
331 3406 Pump Rd.	Henrico Co.	59,659	5,151,666	847,562	4,304,104	2,492,813	1,811,291	467,609	1,343,683	288,991	1,054,692	36.93
332 4018 Glenside Dr.	Henrico Co.	27,697	1,817,220	301,061	1,516,159	876,211	639,948	177,280	462,668	101,800	360,868	36.43
334 7057 Mechanicsville TnPk.	Hanover Co.	47,781	3,345,251	552,598	2,792,653	1,614,056	1,178,597	281,436	897,161	187,507	709,654	37.73
348 7036 Forest Hill Ave.	Richmond City	40,697	3,036,417	499,741	2,536,676	1,469,009	1,067,667	329,254	738,413	170,320	568,092	35.17
350 11108 Midlothian TnPk.	Chesterfield Co.	67,342	5,080,972	836,241	4,244,731	2,454,662	1,790,069	395,981	1,394,089	285,004	1,109,084	38.29
360 2901 Hermitage Rd.	Richmond City	62,940	4,970,409	814,863	4,155,546	2,403,838	1,751,708	243,153	1,508,555	279,016	1,229,539	41.13
363 9949 Hull St. Rd.	Chesterfield Co.	37,790	2,554,783	423,131	2,131,652	1,231,830	899,822	283,272	616,550	143,126	473,425	35.09
366 1370 Gaskins Rd.	Henrico Co.	31,428	2,565,737	417,072	2,148,666	1,242,200	906,466	332,917	573,549	144,268	429,281	32.99
389 11367 Nuckols Rd.	Henrico Co.	17,461	1,466,580	240,610	1,225,970	709,781	516,189	189,081	327,108	82,315	244,792	33.10
390 16605 Mountain Rd.	Hanover Co.	312	20,670	3,400	17,269	9,903	7,366	28,181	(20,815)	1,160	(21,974)	(89.86)
<b>Richmond</b>		<b>1,698,969</b>	<b>125,123,615</b>	<b>20,586,531</b>	<b>104,537,084</b>	<b>60,401,926</b>	<b>44,135,158</b>	<b>13,194,950</b>	<b>30,940,208</b>	<b>7,018,939</b>	<b>23,921,269</b>	<b>35.57</b>
35 2757 Jefferson Davis Hwy.	Stafford Co.	30,757	2,361,945	389,299	1,972,647	1,140,758	831,889	238,196	593,693	132,450	461,243	36.01
44 18035 Jefferson Davis Hwy.	Caroline Co.	17,663	1,158,634	191,958	966,677	557,127	409,549	181,101	228,449	64,906	163,543	30.68
62 1416 Carl D. Silver Pkwy.	Fredericksburg City	42,591	3,523,216	577,504	2,945,712	1,700,147	1,245,565	342,877	902,687	197,784	704,903	36.40
64 43 Town & Country Dr.	Stafford Co.	26,631	1,902,056	314,219	1,587,836	917,385	670,451	229,994	440,458	106,612	333,846	34.07
74 10857 Tidewater Trail	Spotsylvania Co.	15,782	1,091,753	180,533	911,219	526,806	384,413	211,109	173,304	61,182	112,122	26.81
95 10025 Jefferson Davis Hwy.	Spotsylvania Co.	32,093	2,398,665	395,884	2,002,781	1,157,699	845,081	303,350	541,731	134,473	407,258	33.48
103 6348 Jefferson Davis Hwy.	Spotsylvania Co.	16,363	1,063,080	175,959	887,121	511,784	375,337	176,815	198,522	59,564	138,958	29.62
121 507 William St.	Fredericksburg City	29,601	2,254,569	369,576	1,884,993	1,090,754	794,239	206,737	587,502	126,564	460,938	36.84
183 560 Celebrate Virginia Pkwy.	Stafford Co.	27,437	2,054,707	339,485	1,715,222	991,181	724,041	248,362	475,679	115,165	360,514	34.07
200 356 Garrisonville Rd.	Stafford Co.	50,672	4,103,463	676,827	3,426,636	1,982,868	1,443,767	369,347	1,074,420	230,075	844,345	37.07
209 5055 Jefferson Davis Hwy.	Spotsylvania Co.	35,870	2,544,742	419,619	2,125,123	1,226,771	898,352	320,692	577,661	142,687	434,974	33.58
221 16424 Consumer Row	King George Co.	15,362	1,129,603	187,017	942,586	544,322	398,264	170,933	227,331	63,288	164,043	31.08
239 320 W. Broadus Ave.	Caroline Co.	8,537	512,580	84,828	427,752	246,917	180,835	111,426	69,409	28,721	40,688	24.49
245 1271 Jefferson Davis Hwy.	Fredericksburg City	23,881	1,721,832	284,569	1,437,262	831,258	606,005	208,434	397,570	96,502	301,068	34.01
313 4185 Plank Rd.	Spotsylvania Co.	45,998	3,296,121	543,211	2,752,910	1,590,648	1,162,263	306,791	855,471	184,839	670,632	36.83
<b>Fredericksburg</b>		<b>419,239</b>	<b>31,116,965</b>	<b>5,130,489</b>	<b>25,986,477</b>	<b>15,016,425</b>	<b>10,970,052</b>	<b>3,626,166</b>	<b>7,343,886</b>	<b>1,744,811</b>	<b>5,599,075</b>	<b>34.48</b>
130 700 McKinley Blvd.	Westmoreland Co.	13,205	799,872	132,439	667,433	385,563	281,870	111,397	170,473	44,813	125,660	32.27
149 E. Richmond Rd.	Richmond Co.	9,558	583,486	96,735	486,751	281,375	205,376	92,922	112,454	32,682	79,772	30.25
192 101 S. Main St.	Lancaster Co.	40,421	2,658,988	438,272	2,220,717	1,287,270	933,447	349,604	583,842	149,106	434,737	32.83
220 17272 King's Hwy.	Westmoreland Co.	8,646	533,026	87,917	445,108	256,853	188,255	90,101	98,154	29,886	68,268	29.30
238 Rt. 360 - Callao	Northumberland Co.	15,635	934,338	154,539	779,800	449,927	329,873	158,940	170,932	52,358	118,574	29.23
<b>Northern Neck</b>		<b>87,463</b>	<b>5,509,709</b>	<b>909,901</b>	<b>4,599,808</b>	<b>2,660,988</b>	<b>1,938,821</b>	<b>802,965</b>	<b>1,135,856</b>	<b>308,845</b>	<b>827,011</b>	<b>31.52</b>

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)



# ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2015

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
32 16273 General Puller Hwy.	Middlesex Co.	14,496	937,111	154,113	782,999	454,200	328,798	101,777	227,022	52,573	174,449	35.06
155 2334 York Crossing Dr.	Gloucester Co.	34,767	2,359,060	389,043	1,970,018	1,137,598	832,420	294,643	537,777	132,273	405,504	33.68
175 416 14th St.	King William Co.	20,886	1,351,303	223,280	1,128,022	652,167	475,855	198,635	277,220	75,739	201,481	31.43
179 231 Virginia St.	Middlesex Co.	11,652	756,742	124,687	632,056	366,099	265,956	111,877	154,079	42,438	111,641	31.23
198 Tappahannock Towne Ctr.	Essex Co.	22,319	1,405,748	231,189	1,174,560	677,844	496,715	218,798	277,917	78,864	199,053	30.61
233 6736 Main St.	Gloucester Co.	25,143	1,635,697	270,552	1,365,145	787,754	577,391	219,396	357,995	91,660	266,335	32.82
257 4915 Tappahannock Hwy.	King William Co.	17,771	1,151,164	190,863	960,301	553,686	406,614	163,420	243,194	64,478	178,716	32.10
333 10972 Buckley Hall	Mathews Co.	15,521	938,714	154,816	783,898	453,342	330,555	149,248	181,307	52,633	128,674	30.20
<b>West Point/Mathews</b>		<b>162,554</b>	<b>10,535,540</b>	<b>1,738,543</b>	<b>8,796,997</b>	<b>5,082,692</b>	<b>3,714,306</b>	<b>1,457,795</b>	<b>2,256,511</b>	<b>590,657</b>	<b>1,665,854</b>	<b>32.31</b>
60 4330 Westgate Dr.	Dinwiddie Co.	43,138	2,667,043	443,057	2,223,986	1,286,944	937,042	298,250	638,792	149,325	489,467	34.96
114 4575 Whitehill Blvd.	Prince George Co.	33,789	2,520,287	414,603	2,105,684	1,218,034	887,651	271,439	616,212	141,382	474,830	35.29
118 18 Washington St. W.	Petersburg City	20,136	1,183,649	197,102	986,548	568,380	418,168	170,331	247,836	66,240	181,596	31.99
144 301 Market Dr.	Emporia City	30,682	1,961,894	325,955	1,635,939	945,609	690,330	257,433	432,897	109,842	323,055	33.08
151 210 N. Main St.	Hopewell City	21,229	1,289,731	213,727	1,076,003	623,320	452,684	150,293	302,390	72,246	230,144	34.42
232 3107-3 Blvd.	Colonial Heights City	36,553	2,414,978	400,616	2,014,361	1,161,820	852,541	336,200	516,341	135,250	381,091	32.37
240 Rt. 460	Sussex Co.	12,050	717,366	119,007	598,360	346,881	251,479	95,580	155,899	40,176	115,723	32.72
255 3330 South Crater Rd.	Petersburg City	44,660	2,975,309	493,046	2,482,263	1,436,270	1,045,993	363,257	682,736	166,667	516,069	33.92
310 5232 Oaklawn Blvd.	Prince George Co.	32,589	2,246,727	372,566	1,874,162	1,073,979	800,183	228,543	571,640	125,837	445,803	36.42
<b>Petersburg/Hopewell</b>		<b>274,825</b>	<b>17,976,984</b>	<b>2,979,679</b>	<b>14,997,306</b>	<b>8,661,236</b>	<b>6,336,070</b>	<b>2,171,326</b>	<b>4,164,744</b>	<b>1,006,965</b>	<b>3,157,779</b>	<b>34.14</b>
43 236 Carmichael Way	Chesapeake City	21,207	1,455,143	239,883	1,215,260	703,008	512,252	194,509	317,743	81,596	236,146	32.71
53 11409 Windsor Blvd.	Isle of Wight Co.	12,996	820,159	136,060	684,100	395,120	288,979	104,874	184,105	45,933	138,173	33.44
69 1620 Cedar Rd.	Chesapeake City	28,932	2,060,154	341,090	1,719,064	993,095	725,969	259,448	466,520	115,423	351,097	33.60
79 1434 Sam's Dr.	Chesapeake City	45,010	3,226,050	534,577	2,691,473	1,556,398	1,135,075	359,524	775,551	180,714	594,837	35.01
98 3312 Princess Anne Rd.	Virginia Beach City	34,242	2,568,364	423,260	2,145,104	1,237,943	907,161	294,695	612,465	144,029	468,437	34.72
105 869 Lynnhaven Pkwy.	Virginia Beach City	39,769	2,911,520	479,445	2,432,075	1,402,737	1,029,338	293,025	736,313	163,297	573,016	36.15
106 2973 Shore Dr.	Virginia Beach City	58,657	4,306,753	708,382	3,598,371	2,086,867	1,511,504	379,747	1,131,758	241,606	890,152	37.12
107 141 W. Virginia Beach Blvd.	Norfolk City	73,188	5,643,714	935,219	4,708,495	2,725,936	1,982,560	500,904	1,481,655	316,143	1,165,513	37.22
110 1136 London Blvd.	Portsmouth City	26,695	1,745,682	289,551	1,456,132	840,312	615,820	158,262	457,557	97,769	359,788	37.20
128 159 W. Ocean View Ave.	Norfolk City	50,307	3,220,286	533,435	2,686,851	1,551,887	1,134,965	305,297	829,667	180,403	649,264	36.73
129 1615 General Booth Blvd.	Virginia Beach City	40,598	2,841,387	467,139	2,374,248	1,373,525	1,000,724	304,449	696,274	159,414	536,860	35.33
134 2301 Colley Ave.	Norfolk City	68,679	4,979,085	823,101	4,155,983	2,400,875	1,755,108	385,950	1,369,158	279,045	1,090,113	38.43
165 550 E. Liberty St.	Chesapeake City	33,967	2,156,514	358,811	1,797,703	1,062,965	734,738	179,715	555,024	120,703	434,320	36.78
188 4334 Holland Rd.	Virginia Beach City	51,817	3,714,168	614,772	3,099,396	1,790,200	1,309,196	298,519	1,010,677	208,103	802,574	38.16
211 5199 Harbour View Blvd.	Suffolk City	25,839	1,931,709	320,183	1,611,526	932,431	679,095	232,268	446,827	108,203	338,625	34.10
216 1100 Armory Dr.	Franklin City	34,425	2,101,435	348,453	1,752,982	1,014,019	738,963	232,273	506,690	117,701	388,989	35.09
225 405 30th St.	Virginia Beach City	113,306	8,081,614	1,312,703	6,768,911	3,903,939	2,864,973	478,707	2,386,265	454,485	1,931,780	40.15
226 7862 Tidewater Dr.	Norfolk City	82,703	5,548,833	920,406	4,628,427	2,671,525	1,956,902	517,854	1,439,048	310,767	1,128,281	36.92
237 3812 Geo. Washington Hwy.	Portsmouth City	35,448	2,341,132	389,039	1,952,093	1,126,503	825,590	269,150	556,440	131,069	425,371	34.79
246 5020 Ferrell Pkwy.	Virginia Beach City	31,834	2,269,277	376,399	1,892,878	1,093,634	799,244	246,633	552,611	127,094	425,517	35.34
249 2350 East Little Creek Rd.	Norfolk City	46,679	3,085,351	511,395	2,573,956	1,487,819	1,086,136	329,437	756,700	172,823	583,876	35.50
256 1612 Laskin Rd.	Virginia Beach City	108,648	8,226,884	1,358,419	6,868,464	3,969,335	2,899,129	793,691	2,105,438	461,170	1,644,268	36.50
263 5900 Virginia Beach Blvd.	Norfolk City	71,234	5,163,889	856,013	4,307,876	2,488,779	1,819,097	454,614	1,364,483	289,244	1,075,239	37.40
278 3333 Virginia Beach Blvd.	Virginia Beach City	96,373	7,462,194	1,214,547	6,247,647	3,604,460	2,643,187	474,338	2,168,849	419,486	1,749,363	39.72
280 1103 South Military Hwy.	Chesapeake City	82,807	5,875,323	973,355	4,901,968	2,838,427	2,063,541	318,883	1,744,658	329,133	1,415,525	40.66
288 5748 Churchland Blvd.	Portsmouth City	34,006	2,358,440	390,535	1,967,904	1,135,549	832,355	284,824	547,532	132,131	415,401	34.17
298 821 West Constance Rd.	Suffolk City	42,782	2,636,821	438,418	2,198,403	1,272,235	926,168	241,675	684,494	147,607	536,886	36.99
299 1917 S. Church St.	Isle of Wight Co.	33,783	2,219,323	367,578	1,851,746	1,073,489	778,257	298,211	480,046	124,332	355,714	32.59
306 2085 Lynnhaven Pkwy.	Virginia Beach City	44,387	3,196,123	528,410	2,667,713	1,539,844	1,127,869	362,067	765,801	179,118	586,683	34.89

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(continued)

## ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2015

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
307 957 & 959 Providence Sq. Ctr.	Virginia Beach City	40,644	2,854,246	470,729	2,383,517	1,378,389	1,005,128	312,926	692,202	160,037	532,165	35.14
311 4020 Victory Blvd.	Portsmouth City	40,551	2,789,223	463,124	2,326,099	1,323,401	1,002,698	345,161	657,537	156,181	501,355	34.58
312 2815 G Godwin Blvd.	Suffolk City	30,936	2,206,346	365,309	1,841,037	1,063,518	777,519	248,395	529,123	123,613	405,511	34.94
325 22718 Main St.	Southampton Co.	8,032	454,077	75,490	378,586	218,968	159,619	72,980	86,639	25,419	61,220	30.11
328 836 Eden Way N.	Chesapeake City	44,028	3,413,491	562,637	2,850,853	1,646,679	1,204,174	296,357	907,818	191,415	716,403	37.47
336 1067 Independence Blvd.	Virginia Beach City	64,101	4,460,547	735,652	3,724,895	2,153,868	1,571,027	467,460	1,103,567	250,101	853,466	35.63
349 237 S. Battlefield Blvd.	Chesapeake City	41,040	2,872,271	474,645	2,397,626	1,386,327	1,011,299	326,158	685,141	160,984	524,157	34.77
355 4300 Portsmouth Blvd.	Chesapeake City	42,223	3,043,147	502,948	2,540,199	1,468,484	1,071,714	327,587	744,127	170,557	573,570	35.38
361 812 Airline Blvd.	Portsmouth City	50,686	3,556,322	589,154	2,967,168	1,714,442	1,252,726	422,919	829,807	199,225	630,582	34.30
370 2181 Upton Dr.	Virginia Beach City	52,516	3,768,900	619,699	3,149,201	1,824,104	1,325,097	323,093	1,002,004	211,447	790,557	37.42
377 3575 Bridge Rd.	Suffolk City	24,814	1,935,743	319,967	1,615,777	934,694	681,082	224,506	456,576	108,488	348,088	34.51
379 5832 Northampton Blvd.	Virginia Beach City	41,998	3,079,566	509,154	2,570,412	1,485,153	1,085,259	290,439	794,821	172,585	622,235	36.74
391 13478 Carrollton Blvd.	Isle of Wight Co.	9,528	693,228	114,894	578,334	334,283	244,051	93,226	150,826	38,831	111,995	32.73
<b>Norfolk/Virginia Beach</b>		<b>1,961,414</b>	<b>139,274,433</b>	<b>22,993,980</b>	<b>116,280,454</b>	<b>67,205,164</b>	<b>49,075,289</b>	<b>13,304,752</b>	<b>35,770,537</b>	<b>7,807,424</b>	<b>27,963,113</b>	<b>36.59</b>
48 6610-I Mooretown Rd.	York Co.	38,001	2,549,222	421,165	2,128,057	1,230,374	897,683	233,764	663,919	142,884	521,035	36.96
92 227 Fox Hill Rd.	Hampton City	23,445	1,618,738	267,943	1,350,795	779,303	571,492	207,743	363,749	90,697	273,052	33.42
112 61 North Mallory St.	Hampton City	34,345	2,432,802	403,604	2,029,197	1,173,913	855,285	307,959	547,325	136,246	411,079	33.49
148 4640-3 Monticello Ave.	James City Co.	59,826	4,709,985	773,146	3,936,839	2,278,885	1,657,954	535,735	1,122,219	264,331	857,888	34.63
158 3214 Jefferson Ave.	Newport News City	30,041	1,828,814	304,393	1,524,421	871,972	652,448	272,608	379,840	102,354	277,486	31.82
217 619 Pilot House Dr.	Newport News City	46,489	3,563,527	590,838	2,972,689	1,718,219	1,254,471	330,506	923,965	199,595	724,370	36.91
222 209 Village Ave.	York Co.	39,425	3,113,575	511,266	2,602,309	1,506,145	1,096,164	354,036	742,129	174,727	567,402	34.64
244 4909 West Mercury Blvd.	Hampton City	61,499	4,517,379	747,245	3,770,134	2,177,896	1,592,238	302,447	1,289,791	253,138	1,036,652	39.49
250 2078 Nickerson Blvd.	Hampton City	24,710	1,597,016	264,798	1,332,218	768,330	563,888	251,117	312,772	89,449	223,323	30.56
258 3831 Kecoughtan Rd.	Hampton City	34,032	2,251,652	373,294	1,878,358	1,082,501	795,858	264,043	531,815	126,119	405,696	34.60
265 20 Towne Center Way	Hampton City	26,296	1,983,996	328,801	1,655,195	956,715	698,480	303,312	395,168	111,135	284,033	30.89
272 55 Hidenwood Shop. Ctr.	Newport News City	23,479	1,653,562	273,869	1,379,693	798,093	581,600	215,458	366,142	92,637	273,505	33.10
282 2400 Cunningham Dr.	Hampton City	76,252	6,232,595	1,029,562	5,203,034	3,004,727	2,198,307	500,420	1,697,887	349,348	1,348,539	38.16
290 5226 Geo. Washington Hwy.	York Co.	30,484	2,104,969	347,579	1,757,390	1,016,700	740,690	252,017	488,673	117,997	370,676	34.12
320 1246 Richmond Rd.	Williamsburg City	40,801	3,048,849	498,658	2,550,192	1,471,301	1,078,891	339,954	738,937	171,228	567,710	34.98
335 801 F Merrimac Trail	York Co.	31,791	2,340,559	387,462	1,953,097	1,130,086	823,011	294,145	528,866	131,137	397,730	33.55
340 309-A Oyster Point Rd.	Newport News City	44,514	3,330,470	551,565	2,778,905	1,606,029	1,172,875	250,045	922,831	186,584	736,247	38.67
341 621 Stoney Creek Lane	Newport News City	71,406	5,263,415	868,294	4,395,121	2,535,772	1,859,349	476,969	1,382,381	295,102	1,087,279	37.15
342 10872 Warwick Blvd.	Newport News City	24,510	1,741,442	288,653	1,452,790	838,407	614,383	214,764	399,619	97,545	302,074	33.92
381 1480-3C Quarter Path Rd.	Williamsburg City	15,135	1,177,624	194,297	983,326	569,696	413,630	190,576	223,054	66,024	157,030	29.83
382 475 Wythe Creek Plz.	Poquoson City	19,279	1,307,138	215,614	1,091,525	630,387	461,138	170,376	290,762	73,288	217,474	33.13
<b>Newport News/Hampton</b>		<b>795,759</b>	<b>58,367,330</b>	<b>9,642,045</b>	<b>48,725,284</b>	<b>28,145,449</b>	<b>20,579,835</b>	<b>6,267,993</b>	<b>14,311,842</b>	<b>3,271,564</b>	<b>11,040,278</b>	<b>35.43</b>
156 22485 Lankford Hwy.	Northampton Co.	17,639	1,166,125	192,657	973,468	563,711	409,757	145,643	264,114	65,362	198,752	33.56
162 7017 Lankford Hwy.	Accomack Co.	12,432	802,580	132,436	670,144	386,882	283,262	156,559	126,703	44,995	81,707	26.68
177 4371 Pension St.	Accomack Co.	11,681	773,984	126,899	647,085	374,783	272,301	100,368	171,933	43,447	128,486	33.00
223 4090-B Lankford Hwy.	Northampton Co.	16,777	960,708	158,741	801,967	464,275	337,692	165,346	172,346	53,846	118,500	28.86
344 Four Corners Plz. Shp. Ctr.	Accomack Co.	25,794	1,618,390	267,721	1,350,670	779,867	570,802	184,667	386,135	90,688	295,447	34.80
<b>Eastern Shore</b>		<b>84,323</b>	<b>5,321,787</b>	<b>878,455</b>	<b>4,443,333</b>	<b>2,569,519</b>	<b>1,873,814</b>	<b>752,583</b>	<b>1,121,231</b>	<b>298,339</b>	<b>822,892</b>	<b>31.97</b>
21 Old House Distillery	Distillery Store	0	2,211	423	1,788	1,009	779	0	779	120	659	48.91
24 Mount Defiance	Distillery Store	0	23,563	5,343	18,220	12,437	5,783	0	5,783	1,223	4,559	42.02
25 River Hill Distillery	Distillery Store	0	12,818	2,909	9,909	6,706	3,203	0	3,203	665	2,537	42.49
26 Garofalo Artisan	Distillery Store	0	1,182	262	920	608	312	0	312	62	250	43.35
27 Appalachian Mtn. Distillery	Distillery Store	0	61,424	14,162	47,262	33,898	13,365	0	13,365	3,173	10,191	39.65

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(continued)

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ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
28 Silverback Distillery	Distillery Store	0	251,999	56,503	195,496	136,039	59,457	(1,248)	60,705	13,126	47,579	41.30
29 Davis Valley Distillery	Distillery Store	0	35,426	8,165	27,261	19,600	7,661	0	7,661	1,830	5,831	39.51
30 Copper Fox Distillery Store	Distillery Store	0	450,233	99,872	350,361	240,940	109,422	0	109,422	23,524	85,897	41.26
31 Mount Vernon Distillery	Distillery Store	0	603,133	137,515	465,618	318,122	147,496	0	147,496	31,263	116,233	42.07
34 Belmont Farms Distillery	Distillery Store	0	142,289	32,786	109,503	80,587	28,916	80	28,836	7,352	21,484	38.14
65 Catoctin Creek Distillery	Distillery Store	0	283,835	65,202	218,633	157,900	60,733	4	60,730	14,680	46,050	39.20
91 Bowman's Distillery	Distillery Store	0	261,990	59,268	202,722	148,330	54,391	0	54,391	13,611	40,780	38.19
<b>Distilleries</b>		<b>0</b>	<b>2,130,103</b>	<b>482,410</b>	<b>1,647,693</b>	<b>1,156,176</b>	<b>491,517</b>	<b>(1,164)</b>	<b>492,681</b>	<b>110,631</b>	<b>382,050</b>	<b>40.58</b>
<b>Statewide Totals</b>		<b>11,380,080</b>	<b>\$848,126,779</b>	<b>\$139,933,798</b>	<b>\$708,192,980</b>	<b>\$409,444,628</b>	<b>\$298,748,352</b>	<b>\$97,112,107</b>	<b>\$201,636,246</b>	<b>\$47,550,236</b>	<b>\$154,086,010</b>	<b>34.67</b>

(1) Includes state taxes, but does not include 5 percent sales tax.

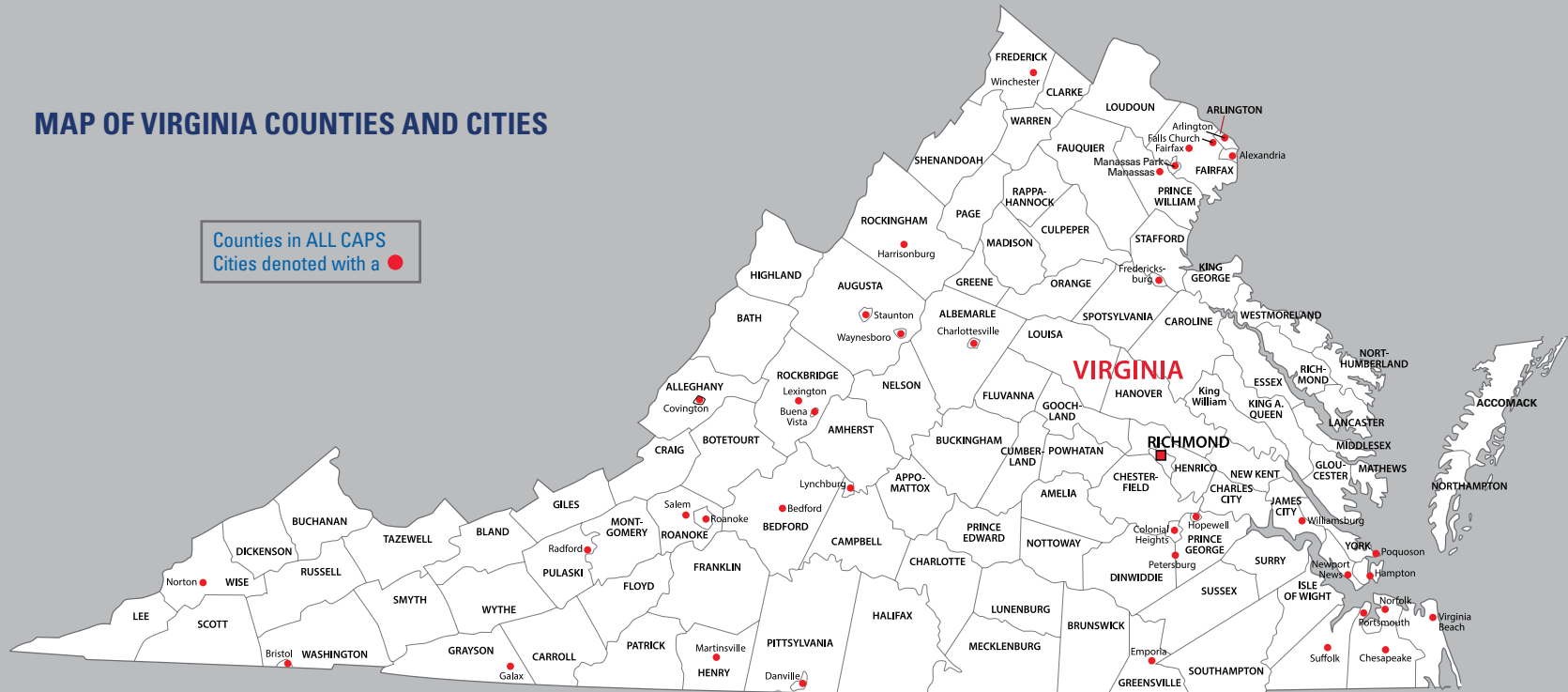
(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

## MAP OF VIRGINIA COUNTIES AND CITIES

Counties in ALL CAPS  
Cities denoted with a ●





# 2015 ESTABLISHMENTS BY LICENSE CATEGORY—CITIES



Cities (1)	All Others (2)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (3)	Restaurants (Beer and Wine)	Wineries	Grand Total
Alexandria	9	0	3	1	3	1	6	6	16	3	0	13	25	27	14	138	197	0	462
Bedford	0	0	0	0	0	0	1	0	5	0	0	0	1	4	0	3	6	1	21
Bristol	1	0	2	2	0	0	1	0	18	1	0	3	3	6	3	14	25	0	79
Buena Vista	0	0	0	0	0	0	0	0	1	0	0	1	0	5	0	1	5	0	13
Charlottesville	9	2	5	5	5	0	17	6	27	1	1	5	17	14	4	102	160	0	380
Chesapeake	10	0	5	10	1	0	1	10	91	0	0	20	31	26	4	121	178	0	508
Colonial Heights	0	0	0	0	0	0	0	2	12	0	0	4	4	4	2	19	27	0	74
Covington	1	0	0	0	0	0	0	0	6	0	0	1	1	4	0	1	5	0	19
Danville	3	1	1	2	1	0	2	6	46	0	0	6	6	31	1	25	40	1	172
Emporia	0	0	0	0	0	0	0	0	12	0	0	2	1	6	0	4	5	0	30
Fairfax	1	0	3	0	0	0	0	3	2	0	0	5	10	11	0	36	68	0	139
Falls Church	1	0	0	0	1	0	0	2	3	0	0	3	6	10	1	25	48	0	100
Franklin	1	0	0	0	0	0	0	1	10	0	0	1	2	3	0	6	7	0	31
Fredericksburg	2	2	0	0	1	0	2	0	18	0	0	2	7	8	5	55	87	0	189
Galax	0	1	0	0	1	0	0	1	2	0	0	2	2	6	0	7	11	1	34
Hampton	11	1	2	2	2	1	2	17	72	0	0	14	15	18	4	65	96	0	322
Harrisonburg	2	2	2	2	3	0	2	6	19	0	0	5	11	16	3	43	70	0	186
Hopewell	3	0	0	0	0	0	0	6	18	0	0	2	2	7	0	10	18	0	66
Lexington	2	2	0	0	1	0	3	0	2	0	0	1	4	1	1	12	20	0	49
Lynchburg	10	1	0	5	1	0	4	6	38	0	0	7	14	19	5	54	83	0	247
Manassas	2	1	1	2	3	0	2	3	6	0	1	6	4	24	0	29	45	0	129
Manassas Park	0	0	0	0	0	0	0	0	3	0	0	0	0	5	0	4	6	0	18
Martinsville	3	0	0	0	0	0	0	2	10	0	0	1	2	7	0	10	12	0	47
Newport News	7	0	2	2	0	1	5	11	90	1	1	13	19	26	8	96	154	0	436
Norfolk	21	2	1	3	3	3	13	26	90	0	1	19	32	36	8	183	248	2	691
Norton	0	0	0	0	0	0	0	0	4	1	0	0	1	2	1	5	7	0	21
Petersburg	3	0	1	3	0	0	0	6	35	0	0	3	4	13	0	20	33	0	121
Poquoson	0	0	0	0	0	0	0	1	3	0	0	1	2	3	0	5	13	0	28
Portsmouth	5	1	0	0	0	2	0	12	56	0	0	11	9	14	2	41	51	0	204
Radford	1	0	0	0	0	0	1	1	5	0	0	1	0	7	0	9	14	0	39
Richmond	26	4	7	8	8	0	21	21	172	3	4	18	24	47	7	275	359	4	1008
Roanoke	10	2	0	3	3	1	4	10	82	0	0	8	14	31	6	81	123	0	378
Salem	4	0	3	3	1	0	1	6	19	0	0	4	4	5	0	18	33	0	101
Staunton	2	1	0	0	3	0	3	4	11	1	0	4	9	11	1	15	34	2	101
Suffolk	6	1	0	0	0	0	0	4	35	2	0	6	13	11	3	36	51	0	168
Virginia Beach	31	1	4	5	8	6	10	12	148	1	1	45	66	53	22	419	562	1	1395
Waynesboro	0	2	0	0	0	0	0	2	9	0	0	3	5	11	0	17	27	0	76
Williamsburg	8	9	1	1	0	0	3	0	9	0	0	3	6	0	4	45	59	1	149
Winchester	5	1	2	2	2	0	1	4	9	0	0	5	6	13	3	48	72	0	173
Grand Total	200	37	45	61	51	15	105	197	1214	14	9	248	382	545	112	2097	3059	13	8404

(1) All cities are "wet" (approved for liquor by the drink). Nine counties are "dry" (see pages 34–35); however, beer and wine may be served. Referendums may allow for mixed beverages in certain towns located within dry counties.

(2) "All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. It does not include banquets.

(3) "Restaurants (Mixed Beverage)" represents the total number of wine and beer establishments also having mixed beverage licenses. These licenses are included in the grand total column.

Source: CORE, July 2015

# 2015 ESTABLISHMENTS BY LICENSE CATEGORY—COUNTIES



Counties (1)	All Others (2)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (3)	Restaurants (Beer and Wine)	Wineries	Grand Total
Accomack	6	7	2	3	0	0	0	3	30	1	0	2	8	15	2	21	40	1	141
Albemarle	27	7	3	23	3	0	8	9	33	0	3	3	28	11	9	45	88	37	337
Alleghany	0	0	0	0	0	0	0	4	8	0	0	1	1	11	0	7	16	0	48
Amelia	0	0	0	0	0	0	0	1	11	0	0	1	0	3	0	2	6	0	24
Amherst	1	1	0	3	1	0	1	1	15	0	0	2	3	13	0	10	16	4	71
Appomattox	1	0	0	0	0	0	0	2	10	0	0	1	2	7	0	3	5	0	31
Arlington	7	0	1	0	2	5	8	6	39	0	0	23	24	40	28	212	310	0	705
Augusta	2	2	2	6	1	0	0	2	34	0	0	2	8	20	1	10	22	3	115
Bath	2	1	0	0	0	0	0	0	5	0	0	0	0	5	3	5	8	0	29
Bedford	6	1	0	5	2	1	2	7	28	0	0	4	7	15	1	21	42	5	147
Bland (dry)	0	0	0	0	0	0	0	0	3	0	0	0	0	6	0	0	1	0	10
Botetourt	3	0	2	5	1	0	0	1	16	2	0	1	4	11	0	6	16	3	71
Brunswick	2	0	0	2	0	0	0	0	14	0	0	1	0	7	1	2	6	0	35
Buchanan (dry)	0	0	0	0	0	0	0	1	19	1	0	2	2	8	0	1	4	0	38
Buckingham	1	0	0	0	0	0	0	0	13	0	0	0	1	7	0	1	2	0	25
Campbell	1	0	0	1	0	0	1	3	38	0	1	4	5	19	0	13	24	5	115
Caroline	0	1	0	0	1	0	0	2	26	0	0	1	1	6	0	6	16	1	61
Carroll	3	0	0	2	0	0	0	1	15	0	1	1	1	9	1	4	7	2	47
Charles City	1	3	0	0	0	0	0	0	4	0	0	0	0	1	0	2	3	1	15
Charlotte (dry)	1	1	0	1	0	0	0	1	11	0	0	1	0	11	1	0	2	1	31
Chesterfield	11	0	3	2	1	0	5	7	111	2	0	30	38	47	5	151	223	1	637
Clarke	5	2	0	2	0	0	0	3	9	0	0	0	3	4	0	3	9	3	43
Craig (dry)	0	0	0	0	0	0	0	0	3	0	0	0	0	2	0	0	0	0	5
Culpeper	5	0	2	7	2	0	1	5	17	1	2	3	5	19	4	19	31	5	128
Cumberland	0	0	0	0	0	0	0	0	8	0	0	0	0	2	0	1	3	0	14
Dickenson	0	0	0	0	0	0	0	1	8	1	0	1	0	7	0	0	2	0	20
Dinwiddie	1	0	0	0	0	0	0	1	22	0	0	2	1	10	0	4	6	0	47
Essex	3	1	0	1	0	0	0	1	10	0	0	1	3	6	0	7	10	2	45
Fairfax	45	0	54	53	6	0	29	27	50	2	2	69	125	146	39	569	918	2	2136
Fauquier	17	1	2	22	1	0	3	4	29	2	0	5	14	12	4	32	49	33	230
Floyd	1	1	0	1	0	0	0	2	4	0	0	0	2	4	0	5	10	3	33
Fluvanna	1	0	0	1	0	0	0	0	9	0	0	1	4	3	0	4	10	2	35
Franklin	5	0	1	4	3	0	0	2	26	0	1	4	4	17	0	23	38	2	130
Frederick	6	1	3	4	0	0	1	4	33	1	1	6	19	21	3	26	40	4	173
Giles	0	1	0	0	0	0	1	4	14	3	0	2	1	10	1	2	7	1	47
Gloucester	2	0	0	0	0	0	0	3	22	1	0	3	7	7	0	15	25	0	85
Goochland	3	1	2	4	2	0	1	3	12	0	0	0	2	5	0	13	21	3	72
Grayson (dry)	0	0	0	0	0	0	0	0	6	1	0	0	0	6	0	0	2	0	15
Greene	2	0	0	1	0	0	1	1	7	0	0	1	2	6	0	4	12	3	40
Greensville	0	0	0	0	0	0	0	1	10	0	0	0	0	3	0	0	0	0	14
Halifax	4	0	0	6	0	0	1	4	22	0	1	2	2	27	2	9	26	4	110
Hanover	6	0	8	14	1	0	3	6	45	1	0	8	16	19	0	54	91	2	274
Henrico	20	1	6	13	4	0	12	17	138	1	0	32	45	41	22	190	290	0	832
Henry	5	0	0	2	0	0	1	5	33	0	0	6	1	33	1	3	16	2	108
Highland (dry)	0	0	0	0	0	0	0	0	1	0	0	0	0	6	0	0	1	0	8
Isle of Wight	1	0	0	0	1	0	0	4	21	0	0	2	8	4	1	9	17	3	71
James City	3	0	1	1	2	0	1	4	18	0	2	4	13	5	5	46	67	2	174
King & Queen	1	0	0	0	0	0	0	0	3	0	0	0	0	3	0	1	2	0	10
King George	1	0	0	1	0	0	0	0	12	0	0	1	3	5	0	8	14	2	47
King William	0	0	0	0	0	0	0	1	8	0	0	1	2	5	0	5	11	0	33
Lancaster	2	1	0	2	0	1	0	4	9	0	0	2	5	4	3	17	23	3	76
Lee (dry)	0	0	0	0	0	0	0	3	19	0	0	1	1	8	0	0	3	0	35
Loudoun	38	2	11	37	17	17	11	7	30	3	3	20	51	66	15	195	339	50	912
Louisa	3	0	0	2	0	0	0	2	20	0	0	2	2	15	2	12	19	2	81
Lunenburg	1	0	0	0	0	0	0	4	8	0	0	0	1	9	0	0	3	0	26
Madison	3	2	0	3	0	0	0	0	7	0	0	0	1	4	1	3	6	8	38
Mathews	1	1	0	0	0	0	0	2	6	0	0	0	1	2	0	3	6	0	22
Mecklenburg	5	0	0	3	0	0	0	10	41	1	0	3	1	18	0	11	19	3	115
Middlesex	4	0	0	0	0	0	0	1	6	1	0	0	4	7	0	10	13	0	46
Montgomery	4	2	0	2	2	0	4	2	38	0	0	5	11	19	4	46	77	3	219
Nelson	10	2	0	9	5	0	1	1	13	1	3	0	0	9	2	6	10	14	86
New Kent	2	1	0	2	0	0	0	0	13	0	0	2	3	5	0	11	18	3	60
Northampton	2	2	1	5	0	0	1	1	17	0	0	1	2	4	0	12	16	1	65

(continued)

# 2015 ESTABLISHMENTS BY LICENSE CATEGORY—COUNTIES

(continued)



Counties (1)	All Others (2)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (3)	Restaurants (Beer and Wine)	Wineries	Grand Total
Northumberland	4	0	0	2	0	0	0	3	6	0	0	1	1	7	0	7	12	2	45
Nottoway	0	0	1	3	0	0	0	4	15	0	0	0	2	6	0	4	10	0	45
Orange	5	5	0	3	1	0	2	2	20	1	0	3	3	5	1	11	24	6	92
Page	5	4	0	1	0	0	0	3	14	0	1	1	3	12	1	4	17	3	69
Patrick (dry)	2	0	0	1	0	0	0	1	11	0	1	1	1	11	0	3	12	2	46
Pittsylvania	5	0	1	6	0	0	0	4	39	0	0	1	0	24	0	6	16	4	106
Powhatan	3	0	0	0	0	0	0	1	14	0	0	0	1	3	0	14	19	2	57
Prince Edward	1	0	0	0	0	0	2	2	16	0	0	3	1	4	0	12	19	0	60
Prince George	1	1	0	0	0	0	1	2	12	0	0	1	1	7	0	8	16	0	50
Prince William	17	0	12	16	3	1	2	9	35	1	1	23	39	108	8	164	266	3	708
Pulaski	3	0	0	3	1	0	0	5	13	0	0	5	4	23	0	7	12	1	77
Rappahannock	8	6	1	5	2	0	0	0	1	1	1	0	1	4	1	8	9	9	57
Richmond	1	0	0	7	0	0	1	0	3	0	0	1	0	4	0	1	5	1	24
Roanoke	2	0	5	5	0	0	3	3	33	0	0	4	11	13	1	34	59	3	176
Rockbridge	3	5	0	3	2	0	4	2	16	0	0	0	2	11	4	5	13	3	73
Rockingham	5	1	0	3	2	0	1	3	34	0	0	2	5	13	0	12	30	4	115
Russell (dry)	0	0	0	1	0	0	0	3	15	0	0	1	2	4	0	2	5	2	35
Scott	0	0	0	0	1	0	0	0	17	0	0	1	2	13	0	0	2	0	36
Shenandoah	5	1	1	6	2	0	0	9	20	0	1	3	6	24	3	11	31	7	130
Smyth	1	1	0	1	0	0	0	1	18	1	3	3	1	16	1	6	12	2	67
Southampton	0	0	0	0	0	0	0	2	15	0	0	1	1	5	0	1	3	0	28
Spotsylvania	6	1	3	5	5	0	4	7	56	1	1	13	14	17	0	50	80	6	269
Stafford	8	1	3	6	2	0	3	5	53	0	0	10	11	12	2	47	74	2	239
Surry	0	0	0	0	0	0	0	0	7	0	0	0	0	2	0	1	2	2	14
Sussex	0	0	1	0	0	0	1	1	13	0	0	0	1	11	0	2	8	0	38
Tazewell	1	0	0	1	0	0	0	2	24	1	0	2	6	24	0	7	16	1	85
Warren	2	2	1	5	1	0	0	4	24	0	0	2	4	10	0	18	38	4	115
Washington	2	5	0	3	4	0	2	1	33	1	0	3	7	15	2	12	29	1	120
Westmoreland	5	3	0	4	0	0	0	7	9	0	0	2	2	9	1	11	19	5	77
Wise	1	0	0	1	0	0	0	1	29	0	0	5	3	10	1	5	10	1	67
Wythe	2	0	0	2	0	0	0	3	17	1	0	2	2	18	1	13	13	2	76
York	10	2	0	1	2	1	0	2	28	1	0	7	12	10	5	37	60	2	180
<b>Grand Total</b>	<b>395</b>	<b>84</b>	<b>133</b>	<b>349</b>	<b>86</b>	<b>26</b>	<b>123</b>	<b>283</b>	<b>1970</b>	<b>35</b>	<b>29</b>	<b>371</b>	<b>647</b>	<b>1335</b>	<b>193</b>	<b>2423</b>	<b>4078</b>	<b>309</b>	<b>12869</b>

(1) All counties are "wet" (approved for liquor by the drink) unless indicated as "dry." Nine counties are "dry" (not approved for liquor by the drink); however, beer and wine may be served. Referendums may allow for mixed beverages in certain towns located within dry counties. Following are the "dry" counties in Virginia: Bland, Buchanan, Charlotte, Craig, Grayson, Highland, Lee, Patrick and Russell.

(2) "All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. It does not include banquets.

(3) "Restaurants (Mixed Beverage)" represents the total number of wine and beer establishments also having mixed beverage licenses. These licenses are included in the grand total column.

Source: CORE, July 2015



# FINANCIAL STATEMENTS

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Fiscal year 2015 marked Virginia ABC's 17th consecutive record-setting year in sales and profits. Total gross sales were \$848.1 million, \$47.6 million higher than last year. Profits were \$152 million, an increase of 8.6 percent from the previous fiscal year. Retail sales increased six percent over the previous year and sales to mixed beverage licensees were up 4.4 percent.

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### CONTACTING THE DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of ABC's finances and to demonstrate ABC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Virginia Department of Alcoholic Beverage Control at 2901 Hermitage Road, Richmond, Virginia 23220 or visit us at [www.abc.virginia.gov](http://www.abc.virginia.gov).



VIRGINIA ABC  
AT A GLANCE

In fiscal year 2015, Virginia ABC welcomed a new chief operating officer. Governor Terry McAuliffe appointed Travis G. Hill in September 2014, and he started at the agency the following month. A graduate of the University of North Carolina at Chapel Hill, Hill previously served as Deputy Secretary of Agriculture and Forestry, where he worked with Virginia ABC and Virginia wineries, craft breweries and craft distilleries to promote growth in these industries and increase their use of Virginia-grown products. Prior to his appointment to the administration, Hill worked as an attorney in the Richmond office of Williams Mullen for eight years. Hill believes that the commitment of Virginia ABC's nearly 3,500 employees, and the high-quality work they produce, make the agency a recognized national leader in alcoholic beverage control.



## COMMONWEALTH of VIRGINIA

### Department of Alcoholic Beverage Control

**COMMISSIONERS**

JEFFREY L. PAINTER, CHAIRMAN  
JUDITH G. NAPIER  
HENRY L. MARSH, III

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This discussion and analysis of the Virginia Department of Alcoholic Beverage Control's (ABC) financial performance provides a brief overview of financial activities for the fiscal year ended June 30, 2015.

### FINANCIAL HIGHLIGHTS

- ABCs operating revenues increased 5.9% in Fiscal Year 2015.
- ABC operations returned record profits to the Commonwealth in Fiscal Year 2015 of \$152.0 million and excise taxes of \$139.9 million. The increase in profits for Fiscal Year 2015 is primarily due to the opening of five new stores and an increase in sales throughout all stores.
- Five new stores opened in Fiscal Year 2015 generating \$1.9 million in additional sales. Seven stores were relocated to improved market areas. Twelve stores were modernized, with one of those also being expanded, and three stores were closed.
- During the 2012 legislation session, the General Assembly passed a new law (HB 896) which allowed the Board to open any Virginia ABC retail location on Sunday. As a result, additional stores have been opened, in phases, over the last several years. Fiscal Year 2015 ended with all stores open on Sundays, with the exception of three primarily licensee stores. Total Sunday sales did increase by \$3.8 million, or 8.4%, from Fiscal Year 2014 to Fiscal Year 2015. It is anticipated that going forward Sunday sales will increase in line with the overall sales growth.
- ABC's operating expenses increased 5.1% in Fiscal Year 2015. The cost of goods sold for alcohol increased \$20.8 million from Fiscal Year 2014, due to the increased sales volume. Personal Service costs increased by 3.5% from Fiscal Year 2014. The increase in Personal Services costs is primarily attributed to increased wage expense directly correlated to the increase in revenue for Fiscal Year 2015. Continuous charges increased by \$1.7 million primarily due to an increase in building rentals due to standard contractual increases in rent as well as the addition of new stores. In addition, Contractual Services increased by \$2.0 million primarily due to an increase in credit card fees and additional Virginia Information Technologies Agency (VITA) costs.

## OVERVIEW OF FINANCIAL STATEMENTS

The audited annual report consists of a series of proprietary fund financial statements. The Statement of Net Position provides information about the Department's assets and liabilities and reflects the financial position as of June 30, 2015. The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenue activity and the expenses related to such activity for the twelve-month period ended June 30, 2015. The Statement of Cash Flows outlines the cash inflows and outflows relating to the operations for the same twelve-month period. The financial statements also include "notes" that provide additional information that is essential to a full understanding of the data provided in the statements. These statements provide current and noncurrent information about ABC's financial position.

- ABC ended Fiscal Year 2015 with a total of \$68.2 million in current assets including \$61.5 million in inventory of alcohol merchandise for resale, a \$3.3 million increase in inventory over Fiscal Year 2014. The increase in inventory is primarily a result of the Advance Buy of inventory. ABC does not purchase the alcohol in our warehouse until it is being shipped to one of our stores. At periodic times throughout the year, vendors offer ABC an opportunity to purchase the inventory that ABC has in our warehouse, prior to the vendor implementing a price increase, called an Advance Buy. At the end of June (Fiscal Year 2015), ABC purchased an additional \$3.5 million of alcohol that was in our warehouse using the Advance Buy. This results in significant savings to the agency, increased profits for the Commonwealth, and a higher inventory value at year-end.
- Current and other assets increased \$2.2 million from last fiscal year, primarily due to a \$3.5 million increase of inventory from the Advance Buy. This was partially offset by reduced prepaid insurance. The increase in Net Capital Assets from Fiscal Year 2015 is largely due to the development and implementation of ABC's new Website, which is part of ABC's e-Commerce strategy to help the agency grow revenues, improve processes, and significantly enhance customer service, including an online ordering feature for products.
- In total, assets increased from \$77.0 million in Fiscal Year 2014 to \$87.2 million in Fiscal Year 2015, largely due to the Advance Buy and to the net effects of GASB 68, Accounting and Financial Reporting for Pensions (see Note 9).

Net Position	Fiscal Year 2015	Fiscal Year 2014	Change
Current and other assets	\$68,294,858	\$66,090,029	\$2,204,829
Capital assets, net	11,623,322	10,917,072	706,250
Deferred Outflows of Resources	7,272,072	0	7,272,072
Total assets and deferred outflows	87,190,252	77,007,101	10,183,151
Current liabilities	75,689,962	72,623,981	3,065,981
Noncurrent liabilities	72,817,067	2,637,737	70,179,330
Deferred Inflows of Resources	11,521,000	0	11,521,000
Total liabilities and deferred inflows	160,028,029	75,261,718	84,766,311
Net position:			
Net Investment in capital assets	11,623,322	10,917,072	706,250
Unrestricted	(84,461,099)	(9,171,689)	(75,289,410)
<b>Total net position</b>	<b>(\$72,837,777)</b>	<b>\$1,745,383</b>	<b>(\$74,583,160)</b>

- Total liabilities owed by ABC increased \$84.8 million from last fiscal year, primarily due to the effects of GASB 68 (see Note 9) and also due to current liabilities. The current liability amount is largely represented in accounts payable due to the Advance Buy and the undistributed balance of profits and taxes payable (see Note 4), partially offset by payments due to the Commonwealth for the line of credit repayment.
- ABC lacks working capital (current assets in excess of current liabilities) to fund all business needs at year-end including accelerated payments of taxes and profits before June 30. Given this periodic lack of necessary working capital, ABC depends on a \$60.0 million line of credit with the State Comptroller to meet day-to-day operations. At June 30, 2015, the amount borrowed was \$31.1 million. (see Note 4)



## FINANCIAL ANALYSIS, *continued*

**Revenue:** The vast majority of ABC's revenues come from the sale of alcoholic beverages. These revenues are achieved through the 351 state-run stores located throughout the state. Gross sales including state tax on sales in Fiscal Year 2015 reached an all time high of \$848.1 million, up \$47.6 million over Fiscal Year 2014. The gross revenue after state tax on sales of alcohol increased from \$668.6 million to \$708.4 million or 6.0%. License and permit fees increased from \$12.6 million to \$13.0 million or 2.9%. Wine wholesalers tax increased over last year and there was a decrease in sales of lottery tickets, mixed beverage taxes on common carriers, and federal grants and contracts.

Operating Revenues	Fiscal Year 2015	Fiscal Year 2014	Change
Sales of alcohol	\$708,413,271	\$668,568,655	\$39,844,616
Sales of lottery tickets	2,336,382	2,476,712	(140,330)
License and permit fees	12,967,544	12,606,895	360,649
Wine wholesalers tax	4,259,463	3,958,111	301,352
Penalties	1,041,342	1,020,717	20,625
Federal grants and contracts	239,915	306,285	(66,370)
Mixed beverage tax on common carriers	22,103	24,475	(2,372)
Miscellaneous	795,756	549,169	246,587
<b>Net operating revenues</b>	<b>\$730,075,776</b>	<b>\$689,511,019</b>	<b>\$40,564,757</b>

**Expenses:** In Fiscal Year 2015 operating expenses (not including cost of sales, alcohol and lottery) increased from \$158.2 million to \$165.5 million, an increase of 4.6%. Approximately 71.0% of ABC's total expenses are for the cost of sales of distilled spirits and mixers sold through ABC stores and less than 0.4% for lottery cost of sales. Following cost of merchandise is personal services, which accounts for 17.2% of total expenses. The remaining 11.4% is made up of contractual services (e.g. store rents), continuous charges (utilities) and other miscellaneous charges. Personal Services costs increased primarily due to increased wage expense directly correlated to the increase in revenue for Fiscal Year 2015. Continuous charges increased by \$1.7 million primarily due to an increase in building rentals due to standard contractual increases in rent as well as the addition of new stores. Contractual Services increased by \$2.0 million primarily due to an increase in credit card fees and additional VITA costs.

	Fiscal Year 2015	% Expenses FY 2015	Fiscal Year 2014	Difference
Cost of sales, alcohol	\$409,991,902	71.0%	\$389,204,362	\$20,787,540
Cost of sales, lottery	2,224,026	0.4%	2,339,885	(115,859)
	412,215,928	71.4%	391,544,247	20,671,681
Personal services	99,345,269	17.2%	96,016,888	3,328,381
Continuous charges	27,954,258	4.8%	26,238,093	1,716,165
Contractual services	29,216,426	5.1%	27,263,123	1,953,303
Supplies and materials	3,393,215	0.6%	3,401,478	(8,263)
Depreciation	2,664,489	0.5%	2,573,170	91,319
Expendable equipment	2,258,331	0.4%	2,209,117	49,214
Other	661,649	0.1%	500,030	161,619
	165,493,637	28.6%	158,201,899	7,291,738
<b>Net operating expenses</b>	<b>\$577,709,565</b>	<b>100.0%</b>	<b>\$549,746,146</b>	<b>\$27,963,419</b>

## FINANCIAL ANALYSIS, *continued*

**Profits:** Prior to the statutory distribution of quarterly net profits to the General Fund, transfers required in the Appropriation Act for each fiscal year must be executed. In Fiscal Year 2015, approximately \$67.5 million of the agency's \$152.0 million in net profits were transferred to other state agencies. The majority, \$65.4 million, transfers to the Department of Behavioral Health and Developmental Services incurred for care, treatment, study and rehabilitation of alcoholics. The remaining \$84.6 million was distributed to the General Fund in accordance with the Code of Virginia.

Revenues, Expenses and Change in Net Position	Fiscal Year 2015	Fiscal Year 2014	Change
Net operating revenues	\$730,075,776	\$689,511,019	\$40,564,757
Total operating expenses	577,709,565	549,746,146	27,963,419
Non-operating revenues / (expenses)	130,466	164,396	(33,930)
Net profit before transfers	152,496,677	139,929,269	12,567,408
Transfers of profit to the General Fund of the Commonwealth	(84,572,527)	(72,851,385)	(11,721,142)
Appropriation Act transfers	(67,465,310)	(67,135,959)	(329,351)
Total transfers	(152,037,837)	(139,987,344)	(12,050,493)
Net increase after transfers	458,840	(58,075)	516,915
Total net position – beginning	1,745,383	1,803,458	(58,075)
Net effect of change in Accounting Principle (see Note 1F)	(75,042,000)	0	(75,042,000)
Net Position – July 1, 2014, as restated	(73,296,618)	0	(73,296,618)
<b>Total net position - ending</b>	<b>(\$72,837,777)</b>	<b>\$1,745,383</b>	<b>(\$74,583,160)</b>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- During Fiscal Year 2016, ABC expects to see a slight increase in the retail sales sector, and will continue to monitor mixed beverage licensee sales. ABC is currently forecasting gross sales of \$890.1 million, a 5.0% increase over Fiscal Year 2015.
- ABC expects expenses to continue to increase in Fiscal Year 2016. Expenses such as store rents will increase because of contractual escalation clauses. Health insurance for salaried employees will also increase personal service cost by 1.0% or \$0.7 million. ABC also expects an increase in logistics related expenses, such as additional staff and freight charges, due to the continued expansion of stores and increasing sales volume. The expectation for significant and continued investment in information technology continues as ABC advances existing and future systems and associated infrastructure.
- Appropriation Act profit transfer requirements for Fiscal Year 2016 are \$148.2 million. Risks include economic declines and weather fluctuations, particularly during the holiday season, unforeseen increases in expenses, an aging information technology infrastructure and related audit points, and the central office and warehouse facility reaching capacity.
- The General Assembly approved multiple projects to upgrade ABC's infrastructure and further invest in business operations. These projects include the implementation of retail and marketing strategies to increase customer service and enhance revenue, increased website capabilities, the procurement of a new financial system, the procurement of a new licensing management system, the upgrade of agency stores to broadband technology, and the upgrade of electrical circuitry in agency facilities. These projects are a considerable undertaking, but are imperative to further solidify ABC as a continued source of significant revenue for the Commonwealth.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

September 30, 2015

The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable John C. Watkins  
Chairman, Joint Legislative Audit  
And Review Commission

Alcoholic Beverage Control Board  
Department of Alcoholic Beverage Control

## INDEPENDENT AUDITOR'S REPORT

### **Report on Financial Statements**

We have audited the accompanying financial statements of the **Department of Alcoholic Beverage Control** as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Alcoholic Beverage Control as of June 30, 2015, and the changes in financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

#### Relationship to the Commonwealth of Virginia

As discussed in Note 1A, the basic financial statements of the Department are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities and the aggregate remaining fund information of the Commonwealth of Virginia that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the Commonwealth of Virginia's overall financial position as of June 30, 2015, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### Change in Accounting Principle

As discussed in Note 1.f. to the financial statements, the Department implemented Governmental Accounting Standards Board (GASB) Statement No. 68 and No. 71, related to pension accounting and financial reporting for employers. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 37 through 40, the Schedule of Employer's Share of

Net Pension Liability on page 64, the Schedule of Employer Contributions on page 64, and the Notes to Required Supplemental Information on page 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

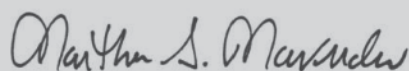
#### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The statistical highlights and financial reports sections are presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The statistical highlights and financial reports sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2015, on our consideration of the Department of Alcoholic Beverage Control's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Department's internal control over financial reporting and compliance.



AUDITOR OF PUBLIC ACCOUNTS

KKH/alh

**DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL***STATEMENT OF NET POSITION — As of June 30, 2015***ASSETS**

## Current assets:

Cash and cash equivalents (Note 2 and 7)	\$ 1,120,206
Petty cash	200,000
Receivables	4,360,665
Inventory - Alcohol (Note 1)	61,474,194
Inventory - Lottery tickets	91,019
Prepaid insurance expenses	358,121
Prepaid other expenses	688,921
Investments held by Treasurer of Virginia (Note 7)	<u>1,732</u>

Total current assets 68,294,857

## Noncurrent assets:

Nondepreciable capital assets (Note 3)	1,827,702
Depreciable capital assets, net (Note 3)	6,554,976
Construction-in-progress (Note 3)	<u>3,240,644</u>

Total noncurrent assets 11,623,322

Deferred Outflows of Resources (Note 9) 7,272,072

Total assets and deferred outflows of resources 87,190,252

**LIABILITIES**

## Current liabilities:

Accounts payable	29,174,210
Unearned revenue	301,805
Due to Commonwealth of Virginia (Note 4)	43,332,023
Obligations under securities lending (Note 7)	49,583
Compensated absences payable (Note 6)	2,832,340

Total current liabilities 75,689,962

## Noncurrent liabilities:

Compensated absences payable (Note 6)	2,613,067
Net Pension Liability (Note 9)	<u>70,204,000</u>

Total noncurrent liabilities 72,817,067

Deferred Inflows of Resources (Note 9) 11,521,000

Total liabilities and deferred inflows of resources 160,028,029

**NET POSITION**

Net Investment in Capital Assets	11,623,322
Unrestricted net position	<u>(84,461,099)</u>

Total net position \$ (72,837,777)

The accompanying Notes to Financial Statements are an integral part of this statement.



**DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
*For the Year Ended June 30, 2015*



Operating revenues:	
Sales of alcohol	\$ 708,413,271
Sales of lottery tickets	2,336,382
License and permit fees	12,967,544
Wine wholesalers tax	4,259,463
Penalties	1,041,342
Federal grants and contracts	239,915
Mixed beverage tax on common carriers	22,103
Miscellaneous	<u>795,756</u>
Total operating revenues	<u>730,075,776</u>
Operating expenses:	
Cost of sales of alcohol	409,991,902
Cost of sales of lottery tickets	2,224,026
Personal services	99,345,268
Continuous charges	27,954,258
Contractual charges	29,216,426
Supplies and materials	3,393,215
Depreciation and amortization	2,664,489
Expendable equipment	2,258,331
Other	661,649
Total operating expenses	<u>577,709,566</u>
Operating income	<u>152,366,211</u>
Nonoperating revenues (expenses):	
Rents	210,061
Income from security lending transactions (Note 7)	113
Expenses from security lending transactions (Note 7)	(113)
Seized assets	<u>(79,596)</u>
Total nonoperating revenues (expenses)	<u>130,466</u>
Net profit before transfers	<u>152,496,677</u>
Transfers out:	
Transfers of profits to the General Fund of the Commonwealth	(84,572,527)
Appropriation Act transfers	<u>(67,465,310)</u>
Total transfers	<u>(152,037,837)</u>
Net increase after transfers	458,840
Total net position - July 1, 2014	<u>1,745,383</u>
Net effect of change in Accounting Principle (Note 1F)	<u>(75,042,000)</u>
Net Position – July 1, 2014, as restated	<u>(73,296,617)</u>
<b>Total net position – June 30, 2015</b>	<b>\$ <u>(72,837,777)</u></b>

The accompanying Notes to Financial Statements are an integral part of this statement.

# DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

## STATEMENT OF CASH FLOWS—For the Year Ended June 30, 2015

Cash flows from operating activities:	
Cash received from sales	\$710,584,568
Cash received from licenses and fees	12,994,162
Cash received from other revenue	6,112,884
Cash payments for cost of sales	(417,543,232)
Cash payments for personal services	(99,951,005)
Cash payments for other expenses	<u>(62,741,483)</u>
Net cash provided by operating activities	<u>149,455,893</u>
Cash flows from noncapital financing activities:	
Note payable to the Commonwealth	31,065,279
Due to the Commonwealth repayments	(26,563,070)
Cash received from nonoperating activities	210,061
Cash disbursed from nonoperating activities	(79,596)
Cash received from taxes	214,280,553
Transfers of tax collections to the General Fund of the Commonwealth	(174,947,569)
Transfers of tax collections to the Department of Taxation	(39,362,603)
Transfers of profit to the General Fund of the Commonwealth	(83,300,000)
Appropriation Act transfers	<u>(67,465,310)</u>
Net cash used for noncapital financing activities	<u>(146,162,254)</u>
Cash flows from capital and related financing activities:	
Construction in-progress	(295,429)
Acquisition of equipment	(3,078,543)
Sale of depreciable assets	<u>3,233</u>
Net cash used for capital financing activities	<u>(3,370,739)</u>
Net decrease in cash and cash equivalents	(77,100)
Cash and cash equivalents – July 1, 2014	<u>1,349,455</u>
Cash and cash equivalents – June 30, 2015	<u><u>\$1,272,355</u></u>
Reconciliation of cash and cash equivalents	
Cash and cash equivalents	1,120,206
Petty cash	200,000
Securites lending cash equivalents	(47,851)
	<u><u>\$1,272,355</u></u>
Reconciliation of net profit to net cash provided by operating activities:	
Operating income	152,366,211
Adjustments to reconcile net profit to net cash provided by operating activities:	
Depreciation and amortization	2,664,489
Change in assets, deferred outflows, liabilities, and deferred inflows	
Increase in accounts receivable	(410,781)
Increase in inventory	(3,316,720)
Decrease in compensated absences	(68,200)
Decrease in accounts payable	(2,581,829)
Decrease in prepaid items	1,365,178
Increase in unearned revenue	26,618
Deferred Inflows and Outflows	<u>(589,072)</u>
Net cash provided by operating activities	<u><u>\$149,455,893</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Reporting Entity**

The Department of Alcoholic Beverage Control administers ABC laws with an emphasis on public service and a focus on public safety by ensuring a safe, orderly, and regulated system for convenient distribution and responsible consumption of alcoholic beverages while generating a reasonable profit for the Commonwealth.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority or is the recipient of their services and/or benefits. The Department is an agency of the Commonwealth of Virginia and is included in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

**B. Fund Accounting**

The activities of the Department are accounted for in an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis, including depreciation and amortization, be financed or recovered primarily through user charges.

**C. Basis of Accounting**

The Department's records are maintained on the accrual basis, with an economic focus, whereby revenues are recognized when earned and expenses are recognized when the liability is incurred.

Operating revenues and expenses include activities related to the sale of alcohol and licenses, as well as enforcement activities. Nonoperating revenues and expenses include activities that have the characteristics of noncapital financing activities, such as the collection of rent, as defined by GASB Statement 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB Statement 34.

**D. Inventories**

Merchandise inventory, purchased for resale, is valued at average cost, which is lower than market value.

**E. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by VRS are reported at fair value.

**F. Change in Accounting Principle**

Net position as of July 1, 2014 has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date:

Net Position as previously reported at June 30, 2014	\$ 1,745,383
Net Position Restatement:	
Net Pension Liability - June 30, 2013 measurement date	(79,870,000)
Less: Deferred outflows - Fiscal Year 2014 contributions	4,828,000
Total Net Position restatement	<u>(75,042,000)</u>
Net Position as restated, July 1, 2014	<u>\$ (73,296,617)</u>

**2. CASH WITH THE TREASURER OF VIRGINIA**

All state funds of the Department are held by the Treasurer of Virginia, pursuant to Section 2.2-1800, et. seq., Code of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Each fund's equity in pooled state funds is reported as "Cash and Cash Equivalents" on the Statement of Net Position and is not categorized as to credit risk.

**3. CAPITAL ASSETS**

The following schedule presents the changes in capital assets by category.

The Department capitalizes all property, plant, and equipment that have a cost or value equal to or greater than \$5,000. The Department capitalizes all intangibles that have a cost or value equal to or greater than \$100,000. Property, plant, equipment, and intangibles are stated at cost and at the time of acquisition are set up in a comprehensive capital asset system. Depreciation of the cost of property, plant, equipment, and intangibles are provided on a straight-line basis over their estimated lives of from ten to thirty years on buildings, from three to eight years on equipment, and from three to five years on intangibles. Intangible assets are defined as assets that lack physical substance, are non-financial in nature and useful lives or benefit period exceed one or more years. Examples of intangible assets are: software, land use rights (right-of-ways) and intellectual property (patents, copyrights and trademarks).

	Balance at July 01, 2014	Acquired	Deleted	Balance at June 30, 2015
<b>Nondepreciable capital assets</b>				
Land	1,827,702	—	—	1,827,702
Construction in-progress	2,945,215	1,441,663	(1,146,233)	3,240,644
<b>Total nondepreciable capital assets</b>	<b>\$ 4,772,917</b>	<b>\$ 1,441,663</b>	<b>\$ (1,146,233)</b>	<b>\$ 5,068,346</b>
<b>Depreciable capital assets</b>				
Buildings	9,571,382	—	—	9,571,382
Equipment	33,635,650	1,653,780	(346,902)	34,942,528
Other equipment	—	—	—	—
Intangibles	1,742,877	1,424,763	—	3,167,641
<b>Total depreciable capital assets</b>	<b>\$ 44,949,910</b>	<b>\$ 3,078,543</b>	<b>\$ (346,902)</b>	<b>\$ 47,681,551</b>
<b>Less accumulated depreciation:</b>				
Buildings	9,329,934	12,552	—	9,342,486
Equipment	28,868,545	2,339,111	(343,668)	30,863,987
Other equipment	—	—	—	—
Intangibles	607,276	312,827	—	920,103
<b>Total accumulated depreciation</b>	<b>\$ 38,805,755</b>	<b>\$ 2,664,489</b>	<b>\$ (343,668)</b>	<b>\$ 41,126,575</b>
<b>Depreciable capital assets, net</b>	<b>\$ 6,144,155</b>	<b>\$ 414,054</b>	<b>\$ (3,233)</b>	<b>\$ 6,554,976</b>
<b>Total capital assets, net</b>	<b>\$ 10,917,072</b>	<b>\$ 1,855,717</b>	<b>\$ (1,149,467)</b>	<b>\$ 11,623,322</b>



**4. DUE TO THE COMMONWEALTH****A. Note Payable**

The Department has a line of credit for \$60,000,000 with the Treasurer of Virginia. Repayment is made from revenue collections pursuant to Title 4.1, Chapter 1 of the Code of Virginia. As of June 30, 2015, the Department had outstanding \$31,065,279.09 of its available line of credit to extinguish a cash overdraft.

The following schedule presents the changes in short term debt activity:

<b>Balance at July 01, 2014</b>	<b>Acquired</b>	<b>Deleted</b>	<b>Balance at June 30, 2015</b>
\$26,563,070	\$31,065,279	(\$26,563,070)	\$31,065,279

**B. General Fund**

The Department collects certain taxes on behalf of the General Fund of the Commonwealth. The state tax on sales is collected from store sales and is paid quarterly to the General Fund of the Commonwealth. The liter tax is collected on wholesalers' direct wine shipments. The 2015 Virginia Acts of Assembly required \$9,141,363 of the gross liter tax to be transferred to the General Fund for expenses incurred for care, treatment, study, and rehabilitation of alcoholics by the Department of Behavioral Health and Development Services and other state agencies. Of the remaining liter tax, twelve percent is retained by the Department and reported as wine wholesalers' tax on the Department's financial statements. The remaining eighty-eight percent is paid to the General Fund of the Commonwealth quarterly. Collections and transfers of state tax on sales and liter tax are not reported on the Statement of Revenues, Expenses, and Changes in Net Position. Activity relating to the amounts due to the General Fund for the year ended June 30, 2015, is summarized below.

	<b>State Tax on Sales</b>	<b>Liter Tax on Wine</b>	<b>Total</b>
Balance due to the General Fund, July 1, 2014	\$2,155,213	\$1,134,290	\$3,289,503
Receipts for fiscal year	139,832,186	35,249,206	175,081,392
Transfers to the General Fund	(139,736,912)	(35,210,656)	(174,947,569)
Balance due to the General Fund, June 30, 2015	<b>\$2,250,486</b>	<b>\$1,172,840</b>	<b>\$3,423,327</b>

**C. Department of Taxation – Sales Tax**

The Department collects sales tax on all sales of alcohol and remits collections monthly to the Department of Taxation. Sales tax collections and transfers are not reported on the Statement of Revenues, Expenses, and Changes in Net Position. Activity relating to the amounts due to the Department of Taxation for the year ended June 30, 2015, is summarized below.

**C. Department of Taxation - Sales Tax (continued)**

Balance due to the Department of Taxation, July 1, 2014	\$629,170
Sales Tax Collections	39,199,161
Transfers to the Department of Taxation	(39,362,603)
Balance due to the Department of Taxation, June 30, 2015	<u><u>\$465,728</u></u>

**D. Earned Surplus**

The Appropriation Act, Chapter 665 of the 2015 Acts of Assembly, requires the Department to transfer an estimate of its fourth quarter profits in the month of June. In accordance with the Alcoholic Beverage Control Act, Section §4.1-116 of the Code of Virginia, the Department transfers any additional net profit to the General Fund of the Commonwealth 50 days after the last day of the quarter. The Department underestimated profit for the fourth quarter resulting in an additional \$8,377,689.84 due to the General Fund at June 30, 2015.

**5. LEASE COMMITMENTS**

The Department is committed under various operating lease agreements for retail store buildings. Rent expense under operating lease agreements amounted to \$ 23,871,468 for the year. A summary of future obligations under lease agreements as of June 30, 2015, follows.

Year Ending June 30,

2016	\$21,361,710
2017	17,137,949
2018	12,953,242
2019	9,230,341
2020	5,745,830
2021–2026	9,812,211

Total Obligations	<u><u>\$76,241,284</u></u>
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**6. COMPENSATED ABSENCES**

Compensated absences reflected in the Statement of Net Position represent the amounts of vacation, sick, and compensatory leave earned by employees of the Department, but not taken at June 30, 2015. The amount reflects all earned vacation, sick, and compensatory leave payable under the Commonwealth of Virginia's leave payout policies. Information on the Commonwealth's leave payout policies is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

**6. COMPENSATED ABSENCES** *(continued)*

<b>Balance at July 01, 2014</b>	<b>Short Term Decrease</b>	<b>Long Term Decrease</b>	<b>Balance at June 30, 2015</b>	<b>Amounts due within one year</b>
\$5,513,607	(\$43,530)	(\$24,670)	\$5,445,407	\$2,832,340

**7. SECURITIES LENDING TRANSACTIONS**

Investments held by the Treasurer of Virginia represent the Department's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

**8. COLLECTIONS OF MALT BEVERAGE TAX**

During the year ended June 30, 2015, the Department earned \$42,948,462 in malt beverage taxes. These funds are deposited by the Department directly with the Treasurer of Virginia for credit to the General Fund of the Commonwealth and are not available to the Department to meet current operating needs and are not included in the financial statements.

**9. PENSION PLAN AND OTHER POST RETIREMENT BENEFITS**

The employees of the Department are employees of the Commonwealth. The employees participate in either a defined benefit plan or a hybrid plan, both administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health related plans for retired employees. Information related to these plans is available on a statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth, not the Department, has overall responsibility for contributions to these plans.

**Plan Description**

All full-time, salaried permanent employees of state agencies are automatically covered by VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and, Hybrid and two different benefit structures for covered employees in the VaLORS Retirement Plan – Plan 1 and Plan 2. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the following pages:

**9. PENSION PLAN AND OTHER POST RETIREMENT BENEFITS** *(continued)***Retirement Plan Provisions By Plan Structure****About Plan 1**

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

**Eligible Members**

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

**Hybrid Opt-In Election**

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

**Retirement Contributions**

State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

**Creditable Service**

Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

**Vesting**

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

**Calculating the Benefit**

The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

**Average Final Compensation**

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.



**Retirement Plan Provisions By Plan Structure** *(continued)* — **About Plan 1****Service Retirement Multiplier**

- **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%.
- **VaLORS:** The retirement multiplier for VaLORS employees is 1.70% or 2.00%.

**Normal Retirement Age**

- **VRS:** Age 65.
- **VaLORS:** Age 60.

**Earliest Unreduced Retirement Eligibility**

- **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.
- **VaLORS:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

**Earliest Reduced Retirement Eligibility**

- **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
- **VaLORS:** 50 with at least five years of creditable service.

**Cost-of-Living Adjustment (COLA) in Retirement**

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

**Eligibility:**

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

**Exceptions to COLA Effective Dates:**

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

**Disability Coverage**

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

**Retirement Plan Provisions By Plan Structure** *(continued)* — **About Plan 1****Purchase of Prior Service**

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

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**About Plan 2**

Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

**Eligible Members**

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

**Hybrid Opt-In Election**

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

**Retirement Contributions**

State employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.

**Creditable Service**

Same as Plan 1 (page 52).

**Vesting**

Same as Plan 1 (page 52).

**Calculating the Benefit**

See definition under Plan 1 (page 52).

**Average Final Compensation**

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

**Service Retirement Multiplier**

- **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
- **VaLORS:** The retirement multiplier for VaLORS employees is 2.00%.

**Normal Retirement Age**

- **VRS:** Normal Social Security retirement age.
- **VaLORS:** Same as Plan 1 (page 53).

**Retirement Plan Provisions By Plan Structure** *(continued)* — **About Plan 2****Earliest Unreduced Retirement Eligibility**

- **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.
- **VaLORS:** Same as Plan 1 (page 53).

**Earliest Reduced Retirement Eligibility**

- **VRS:** Age 60 with at least five years (60 months) of creditable service.
- **VaLORS:** Same as Plan 1 (page 53).

**Cost-of-Living Adjustment (COLA) in Retirement**

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

**Eligibility:** Same as Plan 1 (page 53).

**Exceptions to COLA Effective Dates:** Same as Plan 1 (page X).

**Disability Coverage**

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

**Purchase of Prior Service:** Same as Plan 1 (page 54).

**About the Hybrid Retirement Plan**

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")

- The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

**Eligible Members**

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees\*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

**\*Non-Eligible Members**

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the Virginia Law Officers' Retirement System (VaLORS)

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

**Retirement Plan Provisions By Plan Structure** *(continued)* — **About Hybrid Retirement Plan****Retirement Contributions**

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

**Creditable Service****Defined Benefit Component:**

Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

**Defined Contributions Component:**

Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

**Vesting****Defined Benefit Component:**

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

**Defined Contributions Component:**

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

**Calculating the Benefit**

**Defined Benefit Component:** See definition under Plan 1 (page 52).

**Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

**Average Final Compensation**

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.



**Retirement Plan Provisions By Plan Structure** *(continued)* — **About Hybrid Retirement Plan****Service Retirement Multiplier****Defined Benefit Component:**

- **VRS:** The retirement multiplier for the defined benefit component is 1.0%.  
For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
- **VaLORS:** Not applicable.

**Defined Contribution Component:** Not applicable.

**Normal Retirement Age****Defined Benefit Component:**

- **VRS:** Same as Plan 2.
- **VaLORS:** Not applicable.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Earliest Unreduced Retirement Eligibility****Defined Benefit Component:**

- **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.
- **VaLORS:** Not applicable.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Earliest Unreduced Retirement Eligibility****Defined Benefit Component:**

- **VRS:** Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
- **VaLORS:** Not applicable.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Cost-of-Living Adjustment (COLA) in Retirement**

**Defined Benefit Component:** Same as Plan 2.

**Defined Contribution Component:** Not applicable.

**Eligibility:** Same as Plan 1 and Plan 2 (page 53).

**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2 (page 53).

**Disability Coverage**

State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

**Retirement Plan Provisions By Plan Structure** *(continued)* — **About Hybrid Retirement Plan****Purchase of Prior Service**

**Defined Benefit Component:** Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.
- The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
- Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost./After that on-year period, the rate for most categories of service will change to actuarial cost.

**Defined Contribution Component:** Not applicable.

**Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, the 5.00% member contribution was paid by the employer. Beginning July 1, 2012 state employees were required to pay the 5.00% member contribution and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each state agency's contractually required contribution rate for the year ended June 30, 2015 was 12.33% of covered employee compensation for employees in the VRS State Employee Retirement Plan and 17.67% of covered employee compensation for employees in the VaLORS Retirement Plan. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarial rate for the VRS State Employee Retirement Plan was 15.80% and the actuarial rate for VaLORS Retirement Plan was 21.06%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions for the VRS State Employee Retirement Plan were funded at 78.02% of the actuarial rate and the contributions for the VaLORS Retirement Plan were funded at 83.88% of the actuarial rate for the year ended June 30, 2015. Contributions from the state agency to the VRS State Employee Retirement Plan were \$4,863,085 and \$3,480,000 for the years ended June 30, 2015 and June 30, 2014, respectively. Contributions from the state agency to the VaLORS Retirement Plan were \$1,189,987 and \$1,348,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the state agency reported a liability of \$56,734,000 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$13,470,000 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The state agency's proportion of the Net Pension Liability was based on the state agency's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the state agency's proportion of the VRS State Employee Retirement Plan was 1.0134% as compared to .99945% at June 30, 2013. At June 30, 2014, the state agency's proportion of the VaLORS Retirement Plan was 1.99811% as compared to 1.89887% at June 30, 2013.

For the year ended June 30, 2015, the state agency recognized pension expense of \$4,032,000 for the VRS State Employee Retirement Plan and \$1,432,000 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

**9. PENSION PLAN AND OTHER POST RETIREMENT BENEFITS** *(continued)*

At June 30, 2015, the state agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	0	0
Change in assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	11,521,000
Changes in proportion and differences between		
Employer contributions and proportionate share of contributions	1,219,000	0
Employer contributions subsequent to the measurement date	6,053,072	0
<b>Total</b>	<b>\$7,272,072</b>	<b>\$11,521,000</b>

**\$6,053,072** reported as deferred outflows of resources related to pensions resulting from the state agency's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30**

2016	\$2,439,000
2017	\$2,439,000
2018	\$2,546,000
2019	\$2,878,000

**Actuarial Assumptions**

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

## Mortality rates:

**Pre-Retirement:**

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 2 years and females were set back 3 years.

**Post-Retirement:**

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

**Post-Disablement:**

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2014, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	\$ 21,766,933	\$ 1,824,577
Plan Fiduciary Net Position	16,168,535	1,150,450
Employers' Net Pension Liability (Asset)	\$ 5,598,398	\$ 674,127
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.28%	63.05%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:



# DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

NOTES TO FINANCIAL STATEMENTS—As of June 30, 2015

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

\*Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

## Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

## Sensitivity of the State Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the state agency's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the state agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
State agency's proportionate share of the VRS State Employee Retirement Plan			
Net Pension Liability	\$83,111,000	\$56,734,000	\$34,618,000

The following presents the state agency's proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the state agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
State agency's proportionate share of the VaLORS, VaLORS Retirement Plan			
Net Pension Liability	\$18,405,000	\$13,470,000	\$9,412,000

#### Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## 10. RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Department of Alcoholic Beverage Control participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The Department of Alcoholic Beverage Control pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

## 11. CONTINGENT LIABILITIES

### A. Legal Proceedings

The Department is named as a party in several legal proceedings. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Department in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits will not have a material, adverse effect on the financial condition of the Department.

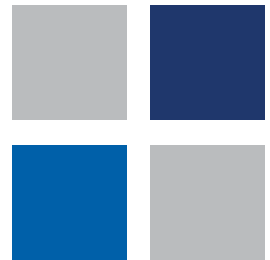
### B. Bailment Inventory

The Department houses and controls bailment inventory in the warehouse and is therefore responsible for the exercise of reasonable care to preserve the inventory until it is purchased by the Department or returned to the supplier. The Department uses the bailment system for payment of merchandise for resale. The Department initiates payments to the vendors based on shipments from the ABC warehouse to the retail stores, rather than receipt of invoice from the vendor. At June 30, 2015, the bailment inventory was valued at \$43,022,911.12.

## DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

### Required Supplementary Information (RSI)

Cost-Sharing Employer Plans: VRS State Employee Retirement Plan and  
VaLORS Retirement Plan — For the Fiscal Year Ended June 30, 2015



#### Schedule of Employer's Share of Net Pension Liability VRS State Employee Retirement Plan For the Year Ended June 30, 2015 \*

	2015
Employer's Proportion of the Net Pension Liability (Asset)	1.01341%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$56,734,000
Employer's Covered-Employee Payroll	\$39,813,992
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	142.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.28%

*Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.*

*\* The amounts presented have a measurement date of the previous fiscal year end.*

#### Schedule of Employer's Share of Net Pension Liability VaLORS Retirement Plan For the Year Ended June 30, 2015 \*

	2015
Employer's Proportion of the Net Pension Liability (Asset)	1.99811%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$13,470,000
Employer's Covered-Employee Payroll	\$6,734,463
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	200.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.05%

*Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.*

*\* The amounts presented have a measurement date of the previous fiscal year end.*

## DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

### Required Supplementary Information (RSI)

*Cost-Sharing Employer Plans: VRS State Employee Retirement Plan and VaLORS Retirement Plan — For the Fiscal Year Ended June 30, 2015*

#### Schedule of Employer Contributions For the Year Ended June 30, 2015

Plan	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
State Employee	\$4,863,085	\$4,863,085	0	\$39,813,992	12.21%
VaLORS Employee	\$1,189,987	\$1,189,987	0	\$6,734,463	17.67%

*Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.*

#### Notes to Required Supplementary Information

*For the Year Ended June 30, 2015*

**Changes of benefit terms** – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013, and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

**Changes of assumptions** – The following changes in actuarial assumptions were made for the VRS–State Employee Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%





“Sales of Virginia craft spirits and wine increased by more than **100 percent** during the partnership.”

### Want A Hat With That?

#### *Agency Partners with Virginia Tourism Corporation*

Virginia ABC partnered with Virginia Tourism for a summer promotion of Virginia-made products using the famous Virginia is for Lovers logo.

This program provided customers in select Virginia ABC stores across the Commonwealth with a complimentary Virginia is for Lovers trucker hat with the purchase of a 750 milliliter bottle of a Virginia-made wine or spirit. This was the first collaboration between ABC and Virginia Tourism and demonstrated the many benefits of agencies working together across different Secretariats toward a common goal.

Initially offered in five stores, the popularity of the giveaway led to an expansion into additional retail locations. Stores in Richmond, Williamsburg, Virginia Beach, Warrenton and Vienna were joined later by additional stores in Harrisonburg, Williamsburg and Virginia Beach.

The ten most popular Virginia products sold in participating stores were:

1. Beach Vodka
2. Bowman Brothers Whiskey
3. Belle Isle Premium Honey Habanero Moonshine
4. Cirrus Vodka
5. John J Bowman Bourbon
6. Copper Fox Whiskey
7. Spirits of the Blue Ridge Vodka
8. Filibuster Bourbon
9. Reservoir Bourbon
10. Commonwealth Gin

Additionally, employees in participating stores wore sleek co-branded polo shirts throughout the program. Media coverage helped spread awareness of the initiative and customers frequently posted photos of their hats to social media.

The popularity of the program, which lasted from Memorial Day to Labor Day, translated into impressive retail figures as sales of Virginia craft spirits and wine increased by more than 100 percent during the partnership. Sales of more than 9,400 bottles at participating stores generated revenues of more than \$196,000.

The overwhelming success of the program encouraged plans for additional customer-driven partnerships between Virginia ABC and Virginia Tourism.



**Photos** (above): Virginia ABC Chief Operating Officer Travis G. Hill (left) and Virginia Secretary of Agriculture and Forestry Todd Haymore sport their new Virginia is for Lovers hats, which they received after purchasing Virginia-made products at Store 169 (Carytown).

# VIRGINIA ABC AT A GLANCE



**Photos** (from the top): Special agents from the Roanoke regional enforcement office were recognized by COO Travis G. Hill on their participation in Operation: Prevent Impaired Driving. Seated left to right are Special Agents David Scott, Baker Goodman, Andrew Morris and Carl Williams. Motivational speaker Dr. Adolph Brown communicates leadership messaging to YADAPP 2015 participants. Flanking Governor Terry McAuliffe from left to right: Brad Hiltz, Bacardi U.S.A., and Virginia ABC employees Eddie Wirt, Chief Communications Officer; Susan Johnson, Director of Property Management Services and Chris Curtis, Deputy Secretary to the Board. Miss Virginia, Courtney Garrett, partners with Virginia ABC in its education and prevention efforts.

## OPERATION IMPAIRED DRIVING

The Bureau of Law Enforcement implemented a campaign to raise public awareness about Virginia ABC's niche efforts to reduce DUIs by educating restaurant bartenders, wait staff and managers to recognize intoxicated patrons and avoid over service of alcohol to those customers. The campaign also aimed to enhance awareness among licensees of the agency's free training programs (RSVP and MART) which educate restaurant employees on the signs and symptoms of intoxicated patrons, Virginia's alcohol laws and the illegality of over serving patrons. Funded by a \$21,000 NLLEA grant from the National Highway Traffic Safety Administration, the campaign kicked off on Labor Day weekend and continued through the winter holidays to January 31, 2015.

## YADAPP

Continuing the legacy of outreach to high school students, the agency's Education and Prevention section hosted the 30th Youth Alcohol & Drug Abuse Prevention Project (YADAPP) in Farmville. More than 450 teens and adults from across the commonwealth participated in the week-long July conference.

## ENFORCEMENT REORGANIZATION

Responding to the rapidly growing population base in the Commonwealth's Piedmont area, the Bureau of Law Enforcement created a ninth region when it opened its Charlottesville regional office. This office offers improved public access to residents and businesses located in the city of Charlottesville and the counties of Albemarle, Culpeper, Fauquier, Fluvanna, Greene, Louisa, Madison, Orange and Rappahannock. In addition, the Bureau created and staffed two new regional agent in charge (RAC) positions to enhance communication between central office leadership and the agency's nine enforcement regions.

## 80TH ANNIVERSARY

Governor Terry McAuliffe hosted Virginia ABC for a special reception at the executive mansion to mark the agency's 80th anniversary year. The November 24th event featured an exhibit of ABC historical memorabilia and honored long-serving Virginia ABC employees.

## FIELD SUPPORT VEHICLE

The Bureau of Law Enforcement partnered with members of the agency's Education team to bring a prevention and responsible consumption message to students at the University of Richmond on September 22, 2014. This outreach effort also extended to the campuses Virginia Tech and the College of William & Mary. More than 1,500 students toured the FSV.

## MISS VIRGINIA VISITS

Virginia ABC has a long-standing partnership with the Miss Virginia Organization. The agency's Education and Prevention Section staff worked with Miss Virginia, Courtney Garrett, on the Miss Virginia School Tour. Crowned in August 2014, Garrett traveled to elementary schools across the Commonwealth to spread a message of health, wellness and prevention to both students and teachers.

## BOLT

Virginia ABC launched a new initiative to stop underage drug and alcohol use among youth. Bringing Outstanding Leaders Together (BOLT) against drugs and alcohol delivered alcohol abuse prevention messages to middle school audiences via high school mentors. Introduced in the spring to youth in Tidewater and Roanoke, these one-day events were hosted by community coalitions through a partnership with the agency. In addition to a presentation by keynote motivational speaker Charles Clark, the free events included activities, giveaways, peer-led experiential learning, and valuable information from community coalition partners.



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